

# GCM Customized Fund Investment Group, L.P. SEC Form ADV, Part 2A

March 23, 2018

## Item 1 – Cover Page

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### **GCM Customized Fund Investment Group, L.P.**

767 Fifth Avenue, Floor 14  
New York, New York 10153  
(646) 362-3700  
[www.gcmgrosvenor.com](http://www.gcmgrosvenor.com)

March 23, 2018

GCM Grosvenor provides investment management and advisory services for hedge fund investments primarily through Grosvenor Capital Management, L.P. (**GCMLP**) and private equity, real estate, and infrastructure investments primarily through GCM Customized Fund Investment Group, L.P. (**GCM CFG**), and together with GCMLP and their affiliates, **GCM Grosvenor**). Additional information about GCM CFG is available on the United States Securities and Exchange Commission's (**SEC**) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

**This Brochure provides information about the qualifications and business practices of GCM CFG. If you have any questions about the contents of this Brochure or the additional information about GCM CFG made available on the SEC's website, please contact GCM CFG at [client.services@gcmlp.com](mailto:client.services@gcmlp.com). Note that, the information in this Brochure has not been approved or verified by the SEC, any state securities authority or any other governmental authority or any regulatory or self-regulatory organization.**

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

## Item 2 – Material Changes

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This Brochure contains the following material change to our Brochure dated March 30, 2017:

- In Item 8, we have updated Risks and Other Special Considerations with additional risk factors.
- In Item 10, we updated language relating to how we work with our affiliated investment adviser, GCMLP.
- In Item 10, we have added disclosure reflecting the change in registration status of GCM UK, an affiliate of GCM CFG.

## Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	5
Our History .....	5
Our Business .....	5
Investment Monitoring Services .....	5
Portfolio Administration Services .....	6
Our Assets Under Management .....	6
Our Principal Owners .....	6
Item 5 – Fees and Compensation .....	6
Fees in General .....	6
Fees and Allocations for Customized GCM CFG Funds .....	7
Fees and Allocations for Commingled GCM CFG Investment Vehicles .....	7
Fees for Investment Monitoring and Portfolio Administration Services .....	7
Fee Refunds .....	7
Expenses .....	7
Item 6 – Performance-Based Fees and Side-By-Side Management .....	9
Item 7 – Types of Clients .....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Our Investment Philosophy .....	10
Diversification and Types of Investments .....	10
General Investment Process .....	10
Investment Strategies .....	15
Secondary Sales of Investments .....	15
Risks and Other Special Considerations .....	16
Conflicts of Interest .....	20
Item 9 – Disciplinary Information .....	39
Item 10 – Other Financial Industry Activities and Affiliations .....	39
Affiliated Registered Investment Adviser .....	39
Affiliated Investment Managers .....	40
Affiliated Placement Agents/Distributor .....	40
Other Affiliates .....	41

Affiliated General Partners .....	41
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	41
Code of Ethics .....	41
Item 12 – Brokerage Practices .....	42
Item 13 – Review of Accounts .....	43
Item 14 – Client Referrals and Other Compensation.....	44
Non-Affiliated Placement Agents .....	44
Item 15 – Custody .....	44
Item 16 – Investment Discretion .....	45
Item 17 – Voting Client Securities.....	45
Background.....	45
General Policy to Take Action in Response to Proxy Requests.....	45
Investment Discretion and Client Instructions .....	46
Conflicts .....	46
Item 18 – Financial Information.....	46

## Item 4 – Advisory Business

### Our History

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

### Our Business

GCM CFG (including its predecessors) has been in business since 1999.

We provide the following investment management and advisory services for private markets (i.e., private equity, real estate, and infrastructure investments) to investment vehicles and separately managed accounts on a discretionary and non-discretionary basis (**GCM CFG Funds**):

- Single-investor GCM CFG Funds managed or advised by GCM CFG (**Customized GCM CFG Funds**)

We offer customized investment vehicles and separate accounts designed for investors seeking a customized mandate, control over structure, and/or involvement in the investment process.

We collaborate with investors to design, implement, and monitor customized portfolios tailored to the investor's needs.

- Multi-investor GCM CFG Funds managed or advised by GCM CFG (**Commingled GCM CFG Funds**)

We offer multi-investor investment vehicles designed for multiple investors seeking ease of investment and diversification in select strategies.

The GCM CFG Funds pursue their investment objectives by investing in:

- › one or more pooled investment vehicles (either directly or indirectly through special purpose vehicles formed for the purpose of investing in such securities or other assets), including funds acquired in the secondary market (**Underlying Funds**), which themselves purchase securities or other assets and are managed by third-party investment managers (**Investment Managers**)
- › securities or other assets that may be sponsored or identified by Investment Managers or may be sourced independently by GCM Grosvenor (either directly or indirectly through special purpose vehicles formed for the purpose of investing in such securities or other assets). We refer to these securities, including securities issued by operating companies (**Operating Companies**), or other direct assets as co-investments (**Co-Investments**).

For convenience:

- we sometimes refer to the privately offered customized and commingled investment vehicles that we manage or advise—which are typically organized as limited partnerships, limited liability companies, corporations or similar entities—as the **GCM CFG Investment Vehicles**
- we sometimes refer to the GCM CFG Investment Vehicles, together with accounts that we manage or advise but that are not organized as legal entities, as the GCM CFG Funds

Although investors in GCM CFG Funds or GCM CFG Investment Vehicles are not, in their capacity as such, our clients for regulatory purposes, we sometimes refer to those investors as our clients.

### Investment Monitoring Services

We provide Investment Monitoring Services (**Investment Monitoring Services**) for certain clients seeking assistance in monitoring their private equity, real estate, or infrastructure investments, including investments held directly by the client.

Investment Monitoring Services may include:

- testing the schedule of unrealized investments
- reviewing distribution notices
- monitoring capital calls to verify reasonableness of management fee calculations
- reviewing amendment and consent requests made by an Investment Manager and providing a written summary and review of the terms of the amendment or consent

- attending periodic meetings held by an investor's private fund program's Investment Managers and preparing brief reports of any relevant updates
- reviewing equity ownership of individual portfolio companies to ensure compliance with internal client policies

#### Portfolio Administration Services

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

Portfolio Administration Services may include:

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

Such an investor typically has access to the reports described above through a password-protected portal into our FundCentral™ and Document Imaging™ systems.

#### Our Assets Under Management

As of December 31, 2017, our assets under management were approximately \$23.6 billion. The methodology used to calculate our assets under management differs from the methodology used to calculate regulatory assets under management for purposes of responding to Item 5.f(2) of Part 1 of our SEC Form ADV. Additional detail concerning the methodology is available upon request.

#### Our Principal Owners

Our principal owner is GCM Holdings. Employees and former employees of companies associated with GCM Grosvenor, as well as certain other persons formerly associated with us, indirectly own approximately 71% of the limited partnership interests in GCM Holdings and, as a result, approximately 71% of us. Michael J. Sacks, our Chairman and Chief Executive Officer, is the principal owner of GCM Holdings and owns a controlling interest in GCM Holdings through several intermediate entities that he controls and of which he is the principal owner.

Three entities under the management of Hellman & Friedman LLC, a private equity investment firm (the **H&F Partners**), collectively own a minority stake in GCM Holdings. The H&F Partners are passive investors in GCM Holdings and do not play a role in the day-to-day management of either GCM Grosvenor or GCM Holdings.

## Item 5 – Fees and Compensation

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#### Fees in General

The GCM CFGI Funds generally pay us or our affiliates one, or a combination, of the following:

- a percentage of up to 1.5%, of assets, investment value, all or a portion of investor or investment commitments, which may include uncalled capital
- an agreed upon fixed amount
- a percentage of specified realized profits of up to 25%, which is typically subject to various hurdles or preferred returns

Any transaction or monitoring fees that are received by us will generally either be rebated back to the investors as an offset against our management fee or directly paid to the applicable GCM CFGI Fund and allocated among the partners of that fund, including GCM CFGI affiliates where applicable.

Fees may differ based upon a number of factors, including without limitation, investment type and asset class, overall fee arrangements, account complexity, overall relationship with us and our affiliates, account size, assets or commitments under management and the terms of the various Underlying Funds in which the GCM CFGI Funds invest and vintage year of the GCM CFGI Fund.

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

Neither we, nor any of our personnel, receive compensation directly attributable to the sale of a security (including shares or similar equity interests) in any GCM CFG Investment Vehicle or other GCM Grosvenor investment products (e.g., brokerage commissions).

#### Fees and Allocations for Customized GCM CFG Funds

Management fees, carried interest, or other special allocations, and other terms for Customized GCM CFG Funds are negotiated on a case-by-case basis with the investor. Management fees are typically payable quarterly, either in advance or in arrears, may be payable on investments that are valued below cost, and in some cases, may be paid on investments valued at zero but have not been written off. Carried interest is generally based on a waterfall calculation that takes into account an investor's realized gains and, in some cases, unrealized gains and losses on portfolio securities, either over the life of the Customized GCM CFG Fund or on a deal-by-deal basis, and may or may not take into account a hurdle or preferred return and management fees and expenses previously paid by the investor.

#### Fees and Allocations for Commingled GCM CFG Investment Vehicles

Typically, each Commingled GCM CFG Investment Vehicle sets forth its specific fee structure, including how and when fees are calculated, charged and payable, and how allocations are calculated and made in a private placement memorandum, limited partnership agreement, investment management agreement, side letter, or similar offering document (together, **GCM CFG Fund Documents**) provided to each prospective investor in such GCM CFG Investment Vehicle prior to the prospective investor's investment in the GCM CFG Investment Vehicle. Fees applicable to Commingled GCM CFG Investment Vehicles typically are not negotiable.

Fees are typically payable quarterly, either in advance or in arrears, based on terms memorialized in the GCM CFG Fund Documents. Carried interest calculated and made in the same manner, as described above, for our Customized GCM CFG Investment Vehicles.

#### Fees for Investment Monitoring and Portfolio Administration Services

Fees for Investment Monitoring and Portfolio Administration Services are negotiated on a case-by-case basis and depend upon the range of services that we provide to the client.

#### Fee Refunds

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

#### Expenses

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

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

- brokerage commissions, due diligence costs, investment banking fees, monitoring costs, sourcing or finder's fees, and other costs related to the identification, sourcing, evaluation, or execution of transactions—including expenses related to potential transactions that are not ultimately consummated (i.e., broken deal fees and other transaction-related expenses incurred either by GCM CFG, the GCM CFG Fund, and/or the Investment Manager or other party sponsoring such investment)
- the interest expense, fees, and other expenses associated with any borrowing facility
- fees and expenses in connection with the custody of assets of a GCM CFG Fund
- fees and expenses associated with reporting to clients
- legal, accounting, administration, tax preparation, audit, financial statement preparation, valuation, research terminal, consulting, and other professional fees and expenses, including costs and out of pocket expenses of a third party



engaged by a GCM CFG Fund or by GCM CFG itself for purposes of providing these services to one or more GCM CFG Funds

- other operating or administrative fees and expenses related to accounting, research, due diligence, reporting, and portfolio management services
- Third-Party Costs, as defined herein
- any costs and expenses arising out of a GCM CFG Fund's indemnification obligations
- any taxes and regulatory or other governmental fees and charges (including regulatory or governmental fees and charges resulting from the offering or sale of a GCM CFG Fund's securities in a non-U.S. jurisdiction)
- certain travel and entertainment expenses incurred in connection with a GCM CFG Fund's affairs, including in connection with investments, potential investments, and meetings with investors or their representatives (to the extent permissible in such Fund's governing documents and to the extent such expenses comply with GCM CFG's Travel and Expense Policy)
- extraordinary expenses
- all other costs related to a GCM CFG Fund's investment activities

We are not reimbursed for our internal costs except as agreed upon in connection with a particular GCM CFG Fund.

In accordance with our policies and procedures and the documents governing certain GCM CFG Funds, payments made to independent third-party vendors, consultants, or professional advisers (including providers of outsourced accounting, administrative, or reporting services) that directly support the ongoing management, administration, and operations of such GCM CFG Funds (**Third-Party Costs**) are borne by such GCM CFG Funds. Third-Party Costs may include, among others:

- insurance expenses, which consist primarily of premium payments made to third-party insurance underwriters and brokers related primarily to fiduciary liability coverage, professional liability coverage, ERISA fidelity bond, if applicable, and directors' and officers' liability coverage
- operational due diligence expenses, which consist primarily of professional fees paid to third-party investigation firms to conduct background investigations on existing and potential Investment Managers
- technology expenses, which consist primarily of software and data licensing, development, programming and operating costs paid to third-party vendors to support the operating platforms of the GCM CFG Funds, as well as costs related to the licensing, usage, and redistribution of data and performance benchmarks
- industry expert expenses, which consist primarily of fees payable to firms that source through their member networks professionals with expertise relevant to the GCM CFG Funds' investment activities

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

All costs and expenses directly attributable to one or more GCM CFG Funds (and not to any other GCM CFG Fund), are charged to those GCM CFG Funds and are not allocated pro rata among other GCM CFG Funds in the manner discussed above.

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

As an investor in Underlying Funds or Co-Investments, each GCM CFG Fund typically bears its allocable share of the Underlying Funds' or Co-Investments' respective organizational, offering, investment, and operating expenses, including taxes, interest due on borrowings, brokerage and other transaction costs, the fees, expenses, and profit participations of the Investment Managers and any extraordinary costs incurred. The advisory fees charged by Investment Managers vary in type, amount, and structure. For example, certain performance fees or allocations are paid or made only after achieving a hurdle rate of return. Moreover, some performance fees or carried interest may be calculated after investors have received a return of capital and a preferred return, or variations of such arrangements. Most GCM CFG Funds are thus subject to two levels of fees and a potentially higher expense-to-equity ratio than would be associated with an investment fund that

invests and trades directly in financial instruments under the direction of a single investment manager. Pursuant to Accounting Standards Generally Accepted in the United States (**U.S. GAAP**), the management fee, partnership expenses, and carried interest of Underlying Funds or Co-Investments are typically capitalized and therefore not reflected in the reported expense ratios in the audited financial statements.

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

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As discussed in Item 5 of this Brochure, many GCM CFG Funds pay us or our affiliates performance fees or special allocations (i.e., carried interest) based on a percentage of realized profits, which typically are subject to a hurdle or preferred return. These arrangements present potential conflicts when our interests may not be, or perceived not to be, aligned with the interests of one or all of the GCM CFG Funds.

In allocating investment opportunities, there could be incentives to favor GCM CFG Funds with higher potential performance-based fees or special allocations over GCM CFG Funds with lower potential performance-based fees or special allocations. As a control, GCM CFG has adopted written policies and procedures pursuant to which it seeks to allocate investment opportunities among GCM CFG Funds in a fair and equitable manner. In addition, performance-based fees and special allocations may create an incentive for us to recommend investments that may be riskier or more speculative than those that would be recommended under different compensatory arrangements. Please see Item 8 for additional details on how we address and mitigate these types of conflicts.

## Item 7 – Types of Clients

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Our investment management and advisory clients consist of the GCM CFG Investment Vehicles and investors in GCM CFG Funds.

Investors who invest in the GCM CFG Investment Vehicles and investors in GCM CFG Funds include:

- charitable organizations
- governments and governmental agencies
- high net worth individuals
- public and private pension plans
- Taft-Hartley plans
- endowments and foundations
- sovereign wealth funds
- insurance companies
- corporations

The GCM CFG Investment Vehicles may be organized as U.S. or non-U.S. entities, and are operated as investment pools exempt from registration under the Investment Company Act of 1940 (as amended, the **ICA**).

An investor who wishes to invest in a GCM CFG Investment Vehicle may be required to commit to a minimum investment amount that varies depending on the GCM CFG Investment Vehicle. We disclose this requirement in each GCM CFG Investment Vehicle's Documents. We make exceptions at our discretion.

GCM CFG Funds typically have investment strategies that are similar to those of the GCM CFG Investment Vehicles. Characteristics of certain asset classes may require minimum account sizes for investors in such GCM CFG Funds. We make exceptions at our discretion.

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

### Our Investment Philosophy

The following principles define our basic investment philosophy:

- Follow a research-based approach.  
We typically employ a top down and bottom up research-based approach to our investment activities. Customized GCM CFG Funds may follow a different approach, depending on a variety of factors including the investment objectives, mandate, and restrictions established by the particular investors in such Customized GCM CFG Funds.
- Seek to achieve an appropriate level of diversification in a Commingled GCM CFG Fund (unless otherwise prescribed in the applicable GCM CFG Fund Documents) or the level of diversification prescribed by the investor in a Customized GCM CFG Fund.
- Focus on fewer Investment Managers or Co-investments, with the objective of identifying what we believe to be the highest quality Investment Managers or Co-investments appropriate for the GCM CFG Funds.
- Seek to invest with Investment Managers that we regard as having a competitive advantage.
- Conduct effective due diligence with respect to Investment Managers and the Underlying Funds and Co-investments they manage or advise.

### Diversification and Types of Investments

We typically recommend diversifying the portfolio of a GCM CFG Fund by type, strategy, industry, geography, sector, stage, and vintage year. Customized GCM CFG Funds may follow a different approach, depending on a variety of factors including the investment objectives, mandate, and restrictions established by the particular investors in such Customized GCM CFG Fund.

The types of investments we typically seek to include in diversified portfolios for GCM CFG Funds may include:

- Investments in Underlying Funds acquired directly from Investment Managers at or near inception during the fundraising period (**Primary Fund Investments**)
- Investments in Underlying Funds acquired in secondary market transactions (**Secondary Investments**)
- Co-Investments

The types of strategies we may seek to include in the investment portfolios of the GCM CFG Funds include, but are not limited to, the following:

- |  |   |
|--|---|
| • Leveraged Buyouts (i.e., Small, Middle Market, Large or Mega)    | • Infrastructure (also referred to as Energy, Infrastructure and Real Assets) |
| • Venture Capital  | • Real Estate   |
| • Growth Equity  | • Small and Emerging Managers   |
| • Credit/Mezzanine (i.e., Structured Equity and Subordinated Debt) | • Diverse Managers  |
| • Distressed Debt  | • Regionally-Focused Strategies   |
|  | • Responsible Investing   |
|  | • Emerging Markets  |

In addition to diversification by investment type and investment strategy, we typically seek to construct portfolios diversified by characteristics, including, but not limited to: industry, geography, sector, stage, and vintage year.

### General Investment Process

#### 1. Deal Flow Evaluation

We have various investment sub-committees that review investment opportunities identified through our sourcing process and proactively track all opportunities in the respective sectors assigned to them. These sub-committees, which generally meet on a weekly basis, are comprised of investment professionals of various levels of seniority, including Principal Investment Committee members (as defined herein), and are intended to evaluate whether we should conduct any due diligence with respect to such opportunity. It is important to note that the deal teams and investment sub-committees are not authorized to initiate the conduct of comprehensive due diligence, which is a responsibility that rests solely with our **Principal Investment Committee**. Further, the deal teams and the investment

sub-committees cannot approve investment opportunities on our behalf. One of the goals of sub-committee review is to subject each deal to a requisite level of scrutiny prior to its submission to our Principal Investment Committee. Weekly sub-committee meetings also provide the deal team with a forum to discuss any questions or concerns that have arisen and to receive input and guidance from a broad group of investment professionals.

Once we identify and support for further consideration a potential Primary Fund Investment, Secondary Investment, or Co-Investment (collectively, **Qualifying Investments**), we assign a deal team, which typically consists of investment team members of various levels of seniority, to the deal. The deal team typically conducts an initial meeting with the Investment Manager or sponsor of the Co-Investment and is responsible for providing the materials received from Investment Managers and sponsors to Portfolio Management Operations (**PMO**).

The deal team typically presents findings at a meeting of the relevant sub-committee. During this meeting, the deal team focuses on a variety of issues considerations, including:

- For Primary Fund Investments and Secondary Investments, the potential Investment Manager's investment strategy, value-addition proposition, historical track record and the experience, responsibilities and interactions among its professionals
- For Co-Investments, the investment thesis, company, industry, management, sponsor, transaction and projected returns of the investment

The relevant sub-committee discusses the pros and cons of commencing preliminary due diligence on the potential Qualifying Investment. Of the many factors involved in making this decision, key ones typically include investment merits, appropriate risk/return profile, and GCM CFG Fund fit.

If the relevant sub-committee determines that an opportunity warrants further investigation, the deal team will commence preliminary due diligence on the potential Qualifying Investment. Given a condensed timeline for a particular investment opportunity, in certain limited circumstances, senior investment professionals may direct the deal team to proceed directly to Comprehensive Due Diligence.

The Portfolio Management Governance Group (**PMG**), which is composed of senior investment professionals, provides oversight over the portfolio management process across all private markets programs from an investment perspective to ensure we are adhering to a consistent portfolio construction process. These professionals perform the following activities, among others: (i) review investment guidelines and target portfolio construction of the programs; and (ii) provide portfolio allocation recommendations to the portfolio managers of the programs.

## 2. Preliminary Due Diligence

Once it has been determined that an investment opportunity meets the initial criteria, the relevant deal team will conduct preliminary due diligence with respect to the Qualifying Investment in question. This process seeks to prioritize resources and enable the deal team to conduct a more detailed analysis on the proposed investment for the principal purposes of highlighting the key risks and issues associated with the investment opportunity under review and developing indicative pricing for the assets in the case of Secondary Investments.

Typical areas of focus at the preliminary due diligence stage may include:

- Primary Fund Investments: investment strategy, quality of investor base, track record performance relative to benchmark, attribution, and valuation analysis of track record, quality or capabilities of the team and preliminary review of legal terms.
- Co-Investments: company or asset overview, deal structure or downside mitigation, management, industry and sector analyses, competitive advantages and barriers to entry, financial modeling, and exit opportunities.
- Secondary Investments: company or asset overview, industry, and sector analyses, competitive advantages and barriers to entry, financial modeling, and exit opportunities, fund manager assessment and alignment of interests.

Based on its findings, the deal team provides a Preliminary Investment Memorandum (**PIM**) to our Principal Investment Committee, highlighting the key risks and issues associated with the investment opportunity under review and, in the case of Secondary Investments, indicative pricing for the interests. While the deal team produces the PIM, the PMO

team prepares and circulates a preliminary assessment of the Eligible GCM Grosvenor Funds (as described later) for which the investment opportunity may be appropriate. Majority approval of the members of our Principal Investment Committee is required to move to comprehensive due diligence.

### 3. Comprehensive Due Diligence

Comprehensive due diligence commences after Principal Investment Committee authorization.

The designated deal team members for each investment opportunity complete comprehensive due diligence, typically including but not limited to:

- on-site meetings with investment professionals of each potential Investment Manager or Co-Investment sponsor
- analysis of Primary Fund Investment, Secondary Investment or Co-Investment strategy, growth prospects, industry dynamics, management and potential conflicts
- investment attribution and value creation analysis
- in the case of both Primary Fund Investments and Secondary Investments:
  - › reference calls regarding the Investment Manager that manages such Underlying Fund and individual investment professionals of such Investment Manager
  - › analysis of historical financial performance of the underlying investments of prior funds managed by such Investment Manager
  - › evaluation of the unrealized investments of prior funds managed by such Investment Manager
- additionally, in the case of a Secondary Investment
  - › assessment of future exit timing and realization value for each underlying company
  - › analysis of remaining unfunded commitments, including expected uses and return potential
  - › evaluation of the future fees associated with the fund, including the calculation of management fees and the expected allocation of distributions between the general partner and the limited partners and other elements of limited partner and general partner alignment
- a review of each Co-Investment's capital structure, covenants, underwriting, and liquidity
- in the case of a Co-Investment in an operating company, reference calls regarding the company and its management team
- a review and negotiation of the investment and economic terms and conditions

In addition to the above, the **Operational Due Diligence Team** evaluates investments, as appropriate, from an operational and legal perspective. Our Operational Due Diligence Team's responsibilities include:

- evaluating the people, processes, and systems that support the Investment Manager's infrastructure and operations
- reviewing and analyzing relevant legal and regulatory documentation
- utilizing independent third-party investigative firms to perform background checks of the Investment Manager, its key personnel, its target Underlying Funds, and the independent directors of such target Underlying Funds

### 4. Principal Investment Committee, Operations Committee and Making Investment Decisions

#### a. Investment Committee Memorandum (ICM) and Sub-Committee Review

Upon completion of comprehensive due diligence with respect to a particular investment opportunity, the relevant deal team prepares an ICM or Pricing Sheet, as appropriate, for the Principal Investment Committee.

The ICM discusses mitigating factors to the risks presented in the PIM relating to such investment opportunity, and typically contains:

- For Primary Fund Investments:
  - › a complete attribution analysis and portfolio revaluation to verify the Investment Manager's stated performance and true source of returns

- › a detailed assessment of such Primary Fund Investment's or Secondary Investment's management team and that team's record of value creation, including the results of extensive reference calls to other private equity managers, current and past limited partners and underlying portfolio companies
- For a Co-Investment, a detailed underwriting analysis
- For a Secondary Investment, an appropriately detailed underwriting analysis given the characteristics of the Secondary Investment

The relevant investment sub-committee reviews the ICM. If the potential investment ultimately receives sub-committee support, the deal team prepares a Recommendation Memo (**RM**), which outlines the opportunity at a high level, economic terms, principal merits, and risks associated with the investment, among other information.

b. Principal Investment Committee

Decisions to make new investments and dispose of investments are made by our Principal Investment Committee, which includes senior GCM Grosvenor investment professionals, on behalf of most GCM CFG Funds; certain GCM CFG Funds have additional Investment Committee members. Our Principal Investment Committee bases its decisions upon a variety of factors including the merits of each individual investment and investment objectives, mandates and restrictions of the GCM CFG Funds, after considering the findings contained in the related ICM and RM. Our Principal Investment Committee meets on a regular basis. ICMs and RMs are jointly presented at regularly scheduled Principal Investment Committee meetings, where our Principal Investment Committee conducts final discussions of the deal in question.

The Principal Investment Committee, by majority vote, determines maximum commitment amounts to Qualifying Investments for Eligible GCM Grosvenor Funds. Certain Customized GCM CFG Funds require a unanimous vote by the Principal Investment Committee.

In the case of a Customized GCM CFG Fund, the investor in such Customized GCM CFG Fund may retain the opportunity to review and consent to or veto the investment decisions proposed by our Principal Investment Committee.

Following a particular investment decision, we conduct final legal negotiations and, upon agreement by the relevant parties, execute definitive documentation.

The size and composition of our Principal Investment Committee may change from time to time.

c. Operations Committee

Our **Operations Committee** oversees our operational risk framework. The Operations Committee works collaboratively with, but is independent of, our Investment Department to ensure the separation of duties between investment and operational due diligence.

Once the Operational Due Diligence team has completed its due diligence of an investment opportunity, the Operations Committee will review, and must approve from an operational perspective, a particular Investment Manager or Sponsor and the particular Qualifying Investment managed by such Investment Manager or Sponsor before we may invest the assets of any GCM CFG Fund or recommend to a client that it invest its assets in such investment.

The Operations Committee currently has four members that are senior members of GCM Grosvenor and makes decisions by majority vote. Our Chief Executive Officer has the authority to veto any affirmative decision made by the Operations Committee. However, if the Operations Committee rejects an investment, Investment Manager, or Underlying Fund, our Chief Executive Officer cannot override such rejection.

The size and composition of our Operations Committee may change from time to time.

## 5. Allocation of Investment Opportunities

We allocate investment opportunities among eligible GCM CFG Funds, GCM CFG Investment Vehicles and investment vehicles managed or advised by GCMLP (**GCMLP Funds**, collectively with GCM CFG Funds and GCM CFG Investment Vehicles, **GCM Grosvenor Funds**) in a manner that we deem to be fair and equitable, and may take into account a variety of relevant factors.

### a. Our Allocation Methodology

Generally, our allocation methodology follows the same process for all types of investments. In the event that the amount of available capacity from a particular Qualifying Investment is not sufficient to satisfy a full allocation to all Eligible GCM Grosvenor Funds (as defined below) such that each Eligible GCM Grosvenor Fund is allocated its target investment amount, it is our general policy to allocate the available capacity in the Qualifying Investment to the Eligible GCM Grosvenor Funds pro rata among all Eligible GCM Grosvenor Funds based on their respective total investor commitment targeted to the applicable investment strategy up to each participating Eligible GCM Grosvenor Fund's target investment amount. The target investment amount of a particular investment is established at the discretion of the portfolio manager of each GCM Grosvenor Fund, and such target investment amounts may vary, perhaps materially, by investment for a particular Eligible GCM Grosvenor Fund for a variety of reasons.

GCM CFG may, in its discretion, adjust the target amount amongst Eligible GCM Grosvenor Funds for a variety of reasons, including the target investment pace, the remaining time until the expiration of the commitment period, and the investment strategy, which includes objectives and constraints for each GCM CFG Fund or a minimum target investment size. In addition, GCM CFG may, in its discretion, adjust the above allocations by limiting, or potentially prohibiting, an allocation to a GCM CFG Fund for certain other legal or regulatory reasons.

Among Eligible GCM Grosvenor Funds, GCM CFG may, in its discretion, adjust the above allocations to an investment in a Qualifying Investment to give preference to Eligible GCM Grosvenor Funds for which GCM CFG or GCMLP serves as general partner or manager, as opposed to acting as a non-discretionary advisor.

If an investor in a GCM Grosvenor Fund sources a particular investment opportunity or an Investment Manager otherwise gives exclusive capacity to a particular GCM Grosvenor Fund, such GCM Grosvenor Fund is typically entitled to an allocation of as much of such investment as such investor desires.

With respect to a GCM Grosvenor Fund that invests across the GCM Grosvenor platform (i.e., GCMLP and GCM CFG), GCM CFG will apply its Allocation Policy to the relevant portions of the GCM Grosvenor Fund portfolio. In these situations, the Allocation Policy will only apply to the relevant portion of the GCM Grosvenor Fund's portfolio.

### b. GCM Grosvenor Fund Eligibility

In general, a GCM Grosvenor Fund will be deemed an **Eligible GCM Grosvenor Fund** for a particular investment opportunity if (a) the GCM Grosvenor Fund is an advisory client of GCM Grosvenor at the time (i) capacity to a particular investment opportunity is first made available to GCM Grosvenor or (ii) GCM Grosvenor makes a binding offer to acquire a particular investment opportunity, and (b) the investment opportunity (i) reasonably falls within such GCM Grosvenor Fund's investment mandate, (ii) is consistent with such GCM Grosvenor Fund's investment guidelines, and (iii) is otherwise suitable for such GCM Grosvenor Fund, as determined by GCM Grosvenor based on other relevant factors.

The ability of a GCM Grosvenor Fund to invest in a Primary Fund Investment, Secondary Investment, or a Co-Investment is subject to acceptance of a subscription or a commitment, as the case may be, by the Investment Manager of such Primary Fund Investment or Secondary Investment or sponsor of such Co-Investment, and a refusal by such Investment Manager or sponsor of a subscription or a commitment from a particular GCM Grosvenor Fund will not prevent participation in such Primary Fund Investment, Secondary Investment or Co-Investment by other GCM Grosvenor Funds.



### c. Opportunities and Allocation of Excess

Opportunities to invest in Qualifying Investments are often made available to GCM Grosvenor Funds on the basis of the total investments made in the aggregate by all GCM Grosvenor Funds, including GCM Grosvenor Funds that ordinarily do not invest in or have an investment focus on such Qualifying Investments, in the Underlying Funds or Co-Investments managed by the sponsor or source of the relevant Qualifying Investment. As a result, investments in Underlying Funds or Co-Investments by GCM Grosvenor Funds that do not invest in or have an investment focus on Qualifying Investments (**Non-Participating Funds**) may result in the generation of investment opportunities for GCM Grosvenor Funds that invest in or have an investment focus on Qualifying Investments (**Participating Funds**), without any compensating benefit being provided to Non-Participating Funds. Further, a sponsor or source of a particular investment opportunity might make such opportunity available to GCM CFG and the GCM Grosvenor Funds in an amount greater than GCM CFG, acting on behalf of GCM Grosvenor Funds, wishes to invest in such opportunity. In such a case, GCM CFG may allocate such excess capacity or overage with respect to an investment opportunity to other parties, including parties who may pay fees to GCM CFG in connection with allocating such opportunity, either in GCM CFG's discretion or pursuant to GCM CFG's agreements with such parties. Under certain circumstances, this could create an incentive for GCM CFG to under-allocate such an opportunity to Participating Funds and over allocate such opportunity to such other parties. GCM CFG recognizes that it has a fiduciary duty to the GCM CFG Funds to act in good faith and with fairness in all of its dealings with them and will take such duties into account in dealing with all actual and potential conflicts of interest arising from the allocation of investment opportunities.

### Investment Strategies

The GCM CFG Funds generally invest in long-term private equity, real estate, or infrastructure investments, primarily through investing in Underlying Funds or in Co-Investments. The investment strategies used by the Investment Manager of a particular Primary Fund Investment to make investment decisions for such Underlying Fund may vary, sometimes significantly, from investment strategies implemented for Primary Fund Investments that have different Investment Managers.

GCM CFG Funds may invest in Qualifying Investments either directly or indirectly through special purpose vehicles formed for the purpose of investing in Operating Companies and other assets. Except as expressly prohibited in the GCM CFG Fund Documents:

- any investment in one class or series of securities of Operating Companies or other Co-Investments made by the GCM CFG Funds or investors in such GCM CFG Funds shall be made by such GCM CFG Fund or such investors directly or indirectly through one or more special purpose vehicles
- multiple GCM CFG Funds or investors participating in a single investment will generally participate on the same terms

In certain circumstances, it may be necessary or desirable for clients investing in a Co-Investment to invest in different ways. For example, to address accounting, tax, or regulatory considerations, one client may prefer to invest directly in a Co-Investment while another may prefer to invest indirectly through an investment vehicle. If such alternative investment vehicle is used to make an investment, the investor's interests in such vehicle generally will be structured in a manner that would be reasonably expected to preserve, in all material respects, the overall economic relationship of the investors.

### Secondary Sales of Investments

On occasion we may consider the sale of some or all of the investments within a GCM CFG Fund or of a group of investments, which may be the same or different, among a group of GCM CFG Funds (each, a **Secondary Sale**). We may consider a Secondary Sale of an investment on behalf of certain GCM CFG Funds but not others. Reasons for a Secondary Sale can vary depending on the specific facts and circumstances associated with each GCM CFG Fund. For example, a Secondary Sale could be considered at the specific request of a client, because a particular GCM CFG Fund is approaching the end of its term, because GCM CFG receives an unsolicited offer, or because the sponsor of a particular investment proposes a restructuring or other liquidity event.



### Risks and Other Special Considerations

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

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

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

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

Set forth herein are the general categories of risk that apply to investing in the GCM CFG Funds. These risks are discussed in greater detail in the relevant GCM CFG Fund Documents. Certain of these risks may be exacerbated in the case of GCM CFG Funds with concentrated portfolios. These risks are provided for illustrative purposes and not intended to be all inclusive.

Reliance on Underlying Managers – GCM CFG invests on behalf of clients primarily in private equity, infrastructure, and real estate funds and companies sponsored and managed by third parties. GCM CFG generally does not have an active role in the management of the assets of the underlying funds or companies, including the valuation by the underlying funds of their investments. GCM CFG's ability to withdraw from or transfer interests in such funds and companies is limited. Further, the performance of each investment made by GCM CFG depends significantly on decisions made by third parties, which could adversely affect the returns achieved by GCM CFG.

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

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

A GCM CFG Fund, an Underlying Fund, a Co-Investment, or GCM CFG may also be subject to regulation in the jurisdictions in which they engage in business. Investors should understand that a GCM CFG Fund's, an Underlying Fund's or a Co-Investment's business is dynamic and is expected to change over time. Therefore, a GCM CFG Fund, an Underlying Fund, or a Co-Investment may be subject to new or additional regulatory constraints in the future. The offering materials and any

other documents received in connection with an investment in a GCM CFGI Fund, an Underlying Fund, or a Co-Investment cannot address or anticipate every possible current or future regulation or negative event that may affect the GCM CFGI Fund, the Underlying Fund or the Co-Investment, or GCM CFGI or its businesses. Such regulations and events may have a significant impact on the investors or the operations of the GCM CFGI Fund, the Underlying Fund, or the Co-Investment.

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

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

**Substantial Fees and Expenses** – Clients typically pay management fees, offering and organizational expenses and operational expenses as set forth in their governing documents, whether or not they make any profits. While it is difficult to predict the future expenses of clients, such expenses may be substantial. Please see Item 5 for additional information on fees and expenses.

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

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

Absence of ICA Oversight – While a GCM CFG Investment Vehicle or an Underlying Fund may be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the ICA and, accordingly, its investors are not accorded the protections of the ICA. Similarly, GCM CFG Funds that are not structured as legal entities are not subject to the ICA.

Dependence on Key Personnel – The success of a GCM CFG Fund may depend in substantial part on the skill and expertise of our personnel, as well as the skill and expertise of the personnel of Underlying Funds. There can be no assurance that we or any Underlying Fund will always be in a position to continue to employ skilled and experienced personnel. The loss of key personnel by us or an Underlying Fund could have a material adverse effect on a GCM CFG Fund.

Political Risk – Any new Executive Branch administration may involve changes in U.S. regulations and laws as well as economic and tax policy. There can be no certainty as to what actions any new administration will take in this regard and whatever the ultimate outcome of a new administration's proposals, there is likely to be substantial uncertainty regarding the state and effect of financial regulation resulting from any regulatory changes. There can be no assurance that changes in U.S. economic and tax policy or to the regulation of the financial markets will not have a material adverse effect on the investments and investment strategies pursued by GCM Grosvenor Funds.

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

Follow-On Investments – A GCM CFG Fund or an Underlying Fund may be called upon to provide additional funding for Co-Investments in which it has an investment, or may have the opportunity to increase its investment in such Co-Investments. There can be no assurance that a GCM CFG Fund or an Underlying Fund will wish to make additional investments or that it will have sufficient available capital or funds to do so. Any decision by a GCM CFG Fund not to make additional investments or its inability to make them may have a substantial negative impact on a Co-Investment in need of such an investment, may diminish the GCM CFG Fund's ability to influence the Co-Investment's future development, or may result in reduced returns from the Co-Investment due to dilution. It is important to note that a GCM CFG Fund may no longer be permitted to commit capital without investor approval and sufficient available capital or funds. Even with such approval and available capital or funds, the GCM CFG Fund still may not be able to invest for various reasons.

Reliance on Management of Co-Investments – While it is our intent to invest the assets of GCM CFG Funds in Co-Investments with qualified operating management in place alongside qualified investment managers, there can be no assurance that such management will remain in place or continue to operate successfully. Although we will monitor the performance of Underlying Funds and Co-Investments, each GCM CFG Fund will rely upon management to operate the Underlying Funds and Co-Investments on a day-to-day basis.

Concentration and Performance Risk – Because each GCM CFG Fund may only make a limited number of investments, and because those investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors in the GCM CFG Funds. Additionally, the performance of a GCM CFG Fund or any other investment vehicle or account managed or advised by us or our affiliates are not necessarily indicative of the results that will be achieved by any other GCM CFG Fund.

Controlling Interest Liability – A GCM CFG Fund or an Underlying Fund may have controlling interests in some of the Co-Investments in which it invests. The exercise of control over a Co-Investment may impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including

securities laws) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, the GCM CFGI Fund or Underlying Fund might suffer a significant loss.

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

Cybersecurity Risk – Cyberattacks and security vulnerabilities could result in a breach despite the various protections utilized by GCM Grosvenor and GCM Grosvenor vendors. A breach could potentially result in the disclosure of client data, the misuse of confidential or proprietary information, theft of assets, regulatory issues, or damage to the firm's reputation.

Foreign Investment Risk – Primary Fund Investments, Secondary Investments and Co-Investments in which the GCM CFGI Funds may invest (directly or indirectly through Underlying Funds) may be organized and operated outside of the United States. Such investments involve risks not typically associated with investments in securities issued by U.S. companies. For instance, investments in non-U.S. businesses:

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

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

Unknown Impact of Brexit – The outcome of the June 23, 2016 United Kingdom (UK) referendum on whether to leave or remain a member state of the European Union (EU) was in favor of leaving. Under the process for leaving the EU contemplated in Article 50 of the Treaty on the Functioning of the European Union (TFEU), the UK will remain a member state until a withdrawal agreement is entered into, or failing that, two years following the notification of the intention to leave. Article 50 was triggered on March 29, 2017, formally beginning the process for UK's withdrawal from the EU. Given the size and importance of the UK's economy, (a) uncertainty or unpredictability about its legal, political and economic relationship with Europe; (b) any new laws or regulations adopted to replace those which cease to apply on leaving the EU; and (c) uncertainties relating to the possibility, or scope, of possible transitional arrangements to be agreed between the UK and the EU may be, or continue to be, a source of instability, create significant currency fluctuations, and/or otherwise adversely affect international markets, arrangements for trading or other existing cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future including beyond the date of the UK's withdrawal from the EU or the expiration of any transitional arrangements which may be agreed. The outcome of the UK referendum could also have a destabilizing effect if other member states were to consider the option of leaving the EU. For these reasons, the decision of the UK to leave the EU could have materially adverse consequences on GCM Grosvenor Funds, the performance of their investments or investment strategies and their ability to source, identify, and invest in a

sufficient number of opportunities to permit GCM Grosvenor Funds to sufficiently diversify their portfolios or to otherwise fulfill their investment objectives. As a result, this may have a materially adverse effect on the potential return on an investment in a GCM Grosvenor Fund.

**Non-Diversification Risk** – The portfolio of a GCM CFGI Fund or an Underlying Fund may be subject to wider fluctuations in value if it is non-diversified than if it was subject to broader diversification requirements.

For a complete discussion of a particular GCM CFGI Investment Vehicle's investment strategies and the principal investments risks of those strategies, please read carefully the GCM CFGI Fund Documents received from us in connection with such GCM CFGI Fund.

### Conflicts of Interest

In addition, GCM CFGI, GCMLP, our affiliated entities, and our related persons are subject to certain actual or potential conflicts of interest in making investment decisions for the GCM Grosvenor Funds and the Investment Managers are subject to similar as well as certain additional actual and/or potential conflicts of interest in managing their respective Underlying Funds. Some of these conflicts have been discussed throughout. Certain of these actual and potential conflicts of interest are discussed herein and in the current GCM Grosvenor Fund Documents (as defined herein) provided to each prospective investor in a particular GCMLP Fund or GCM CFGI Fund.

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

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

GCM Grosvenor maintains policies and procedures that address actual and potential conflicts of interest. In the event that a conflict of interest arises, GCM Grosvenor will generally attempt to resolve such conflict according to such policies and procedures and in a fair and equitable manner, on a case-by-case basis. GCM Grosvenor will take into consideration the

interests of the relevant parties, including the interests of GCM Grosvenor, and the circumstances giving rise to the conflict in its resolution of conflicts. GCM Grosvenor will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on, the GCM Grosvenor Funds. These resolutions include, without limitation, refraining from investing in or disposing of the investment, giving rise to the conflict of interest, appointing an independent party to provide approval on behalf of the relevant GCM Grosvenor Fund or consulting an investor advisory committee.

GCM Grosvenor cannot resolve all conflicts of interest in a manner that is equitable or favorable to all GCM Grosvenor Funds and all investors in such GCM Grosvenor Funds and the investors in GCM Grosvenor Funds will generally have no means of confirming that any of such conflicts have, in fact, been equitably resolved. GCM Grosvenor has an inherent conflict of interest when identifying an issue as a conflict and when resolving conflicts of interest that involve its own interests. There can be no assurance that any actual or potential conflict of interest will not result in a less favorable outcome for the GCM Grosvenor Fund than if such conflict of interest did not exist. By investing in a GCM Grosvenor Fund, each investor will be deemed to have acknowledged and consented specifically to (i) the existence of such actual, apparent and potential conflicts of interest, including, without limitations, those described herein and in the relevant GCM Grosvenor Fund Documents; and (ii) the actions taken by GCM Grosvenor to address such conflicts and, to the extent permitted by applicable law, to have waived any claims with respect to the existence of any conflicts of interest.

#### GCM Grosvenor Policies and Procedures

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

#### Multiple GCM Grosvenor Funds

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



GCM Grosvenor and its related persons might have an incentive to favor certain GCM Grosvenor Funds over other GCM Grosvenor Funds. For example, with regard to the selection of investment opportunities or the allocation of investment opportunities that have limited investment capacity, because GCM Grosvenor may receive greater compensation from the favored GCM Grosvenor Funds for its services or otherwise, including, without limitation, in arrangements without contingencies (such as a carried interest clawback or performance-based fee or allocation loss carryforward) or arrangements where the favored GCM Grosvenor Fund is associated with different expenses, including in light of an agreement by GCM Grosvenor to bear certain expenses on behalf of such GCM Grosvenor Fund. GCM Grosvenor and its related persons may also have an incentive to favor certain GCM Grosvenor Funds over other GCM Grosvenor Funds if GCM Grosvenor or its related persons have investments in such favored GCM Grosvenor Funds.

Additionally, certain GCM Grosvenor Funds invest in other GCM Grosvenor Funds, and GCM Grosvenor may be authorized to vote with respect to the interests held by such investing GCM Grosvenor Funds and otherwise act as their representative with respect to GCM Grosvenor Funds in which such other GCM Grosvenor Funds invest (including, without limitation, serving as such investing GCM Grosvenor Funds' representative on an advisory or similar committee).

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

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

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

GCM Grosvenor recognizes that conflicts arise under such circumstances and will endeavor to treat all GCM Grosvenor Funds fairly and equitably. To that end, GCM Grosvenor has adopted procedures that are designed to enable GCM Grosvenor to address such conflicts and to ensure that GCM Grosvenor Funds are treated fairly and equitably.

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

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

GCM Grosvenor receives management fees in respect of certain GCM Grosvenor Funds on an as invested basis or only in respect of invested capital where GCM Grosvenor may have an incentive to make investments more quickly, or at all, or defer disposition or the write-off of investments, for such GCM Grosvenor Funds in order to earn management fees that it otherwise would not, absent such a fee arrangement.

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

#### Other Fees

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

#### Other GCM Grosvenor Business Activities

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



attention of GCM Grosvenor's related persons); and (ii) potentially create additional conflicts of interest or raise other special considerations.

Conflicts of interest resulting from the foregoing include the allocation of management time among GCM Grosvenor Funds and other clients of GCM Grosvenor. Nothing in the governing documents of any GCM Grosvenor Fund generally (i) requires GCM Grosvenor and its affiliates to devote their full business time to the business and affairs of any particular GCM Grosvenor Fund or to the business and affairs of the GCM Grosvenor Funds in general; (ii) limits or restricts GCM Grosvenor or its related persons from engaging in and devoting time and attention to other businesses or ventures or from rendering services of whatever kind or nature; or (iii) restricts GCM Grosvenor or its related persons from forming additional investment funds, from entering into investment advisory relationships or from engaging in other business activities. As GCM Grosvenor sponsors, advises, and/or manages numerous GCM Grosvenor Funds, the officers and employees of GCM Grosvenor may not spend a significant portion of their time on matters related to any particular GCM Grosvenor Fund, and GCM Grosvenor or its personnel may have financial or other incentives to favor certain GCM Grosvenor Funds over other GCM Grosvenor Funds. Additionally, potential investments by GCM Grosvenor Funds are subject to approval by a GCM Grosvenor investment, operations, or other committees, whose professionals serve this function for all or certain GCM Grosvenor Funds. It is expected that an investment, operations or other committees and its professionals will face additional conflicts of interest in allocating their time, attention, and potential investment opportunities among GCM Grosvenor Funds.

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

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

#### Credit Issues

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

#### Future GCM Grosvenor Services

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

underwriting or placement activities; (iii) financing or commitment fees; (iv) monitoring or consulting fees; (v) brokerage fees; (vi) interest; and (vii) other fees or forms of compensation (including appreciation of its investment in a company that provides such services). Certain fee income earned by GCM Grosvenor with respect to GCM Grosvenor Fund investments will offset management fees payable by the GCM Grosvenor Funds. Other income, including investment banking and other financial services compensation earned by GCM Grosvenor, will not do so and will not be shared with the GCM Grosvenor Funds or any GCM Grosvenor Fund investor. Payment of certain fee income due to GCM Grosvenor with respect to GCM Grosvenor Fund investments may be accelerated in connection with certain events related to such investments (e.g., strategic sales). Except as provided herein, GCM Grosvenor will not be restricted in the scope of its business or in the performance of any such services, even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. Additionally, GCM Grosvenor has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or have held investments similar to those intended to be made by GCM Grosvenor Funds. These clients may themselves represent appropriate investment opportunities for certain GCM Grosvenor Funds or may compete with certain GCM Grosvenor Funds for investment opportunities. Additional conflicts arise if GCM Grosvenor provides services to, and is compensated by, third parties that may be otherwise suitable investments opportunities for one or more GCM Grosvenor Funds.

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

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

#### GCM Grosvenor Special Relationships

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

#### Joint Ventures

GCM Grosvenor Funds may enter into joint ventures with Investment Managers or other persons with respect to the management of specified portfolio investments or categories of portfolio investments. In connection therewith, such Investment Managers or other persons may receive management fees and/or performance-based fees or allocations such as a carried interest in vehicles through which such joint ventures invest. GCM Grosvenor Funds may also hold certain portfolio investments through investment vehicles managed in whole or in part by Investment Managers or other persons where GCM Grosvenor determines this is necessary or appropriate due to regulatory or other reasons. Any compensation of such Investment Managers or of joint venture partners, which will reduce the GCM Grosvenor Funds' returns from the relevant portfolio investments, may not offset carried interest, performance-based fees or allocations or management fees due to GCM Grosvenor and will increase the cost of the investors' investment in the GCM Grosvenor Funds.

#### Broker-Dealer Activities

GCM Grosvenor may include entities that act as broker-dealers. Such broker-dealers, including any respective related lending vehicles: (i) may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to issuers of the GCM Grosvenor Funds' investments; (ii) may otherwise be involved in the private placement of debt or equity

securities or instruments issued by the issuers and non-controlling entities in or through which the GCM Grosvenor Funds may invest; or (iii) may otherwise arrange or provide financing for portfolio investments alone or with other lenders, which may include the GCM Grosvenor Funds. Affiliated broker-dealers may, as a consequence of such activities, hold positions in instruments and securities issued by the issuers of the GCM Grosvenor Funds' portfolio investments and may engage in transactions that may also be appropriate investments for the GCM Grosvenor Funds. Subject to applicable law, such broker-dealers may receive underwriting fees, placement commissions, financing fees, interest payments or other compensation with respect to such activities, which are not required to be shared with the GCM Grosvenor Funds or the investors. Where a GCM Grosvenor broker-dealer serves as underwriter with respect to an issuer's securities, the GCM Grosvenor Funds may be subject to a lock-up period following the offering under applicable regulations or agreements during which time its ability to sell any securities that it continues to hold is restricted.

#### Portfolio Entity Relationships

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

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

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

GCM Grosvenor frequently seeks to obtain agreements from Investment Managers under which Underlying Funds managed by such Investment Managers agree to accept specified dollar amounts of capital from GCM Grosvenor Funds, considered in the aggregate, at specified investment dates and/or over specified time periods. In cases where GCM Grosvenor is able to negotiate capacity of this type for the GCM Grosvenor Funds with respect to a particular Underlying Fund, such capacity is not reserved solely for those GCM Grosvenor Funds that are in existence on the date that GCM Grosvenor negotiated such capacity. Similarly, to the extent such capacity is allocated to a GCM Grosvenor Fund that was in existence on the date that GCM Grosvenor negotiated such capacity, such allocation is not reserved solely for persons who were investors in such GCM Grosvenor Fund on that date. Instead, such capacity is made available to all GCM Grosvenor Funds that wish to invest in such Underlying Fund, based on the allocation decisions of their respective portfolio management teams and the application of GCM Grosvenor's capacity allocation guidelines. To the extent that any such capacity is allocated to a GCM Grosvenor Fund that existed on that date, all investors in such GCM Grosvenor Fund participate in such capacity in

accordance with their respective economic interests in such GCM Grosvenor Fund, even if such investors invested in such GCM Grosvenor Fund subsequent to that date.

#### Legal Interpretation

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

#### Advisors and Operating Partners

GCM Grosvenor engages and retains strategic advisors, consultants, operating partners, and other similar professionals who are not employees or affiliates of GCM Grosvenor and who, from time to time, receive payments from, or allocations with respect to, Underlying Funds, and/or Portfolio Companies, and GCM Grosvenor or the GCM Grosvenor Funds. These advisors, consultants, operating partners, and/or other professionals may have the right or may be offered the ability to co-invest alongside the GCM Grosvenor Funds, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such Portfolio Company. Such co-investment and/or participation generally will reduce the amount invested by the GCM Grosvenor Funds in any investment. In certain instances, GCM Grosvenor has formal arrangements with these advisors, consultants, operating partners, and/or other professionals, and in other cases, the relationships are more informal. They are either compensated, including pursuant to retainers and expense reimbursement, from GCM Grosvenor, the GCM Grosvenor Funds, Underlying Funds, and/or Portfolio Companies or otherwise uncompensated unless and until an engagement with a Portfolio Company develops. Additionally, they may have certain attributes of GCM Grosvenor employees (e.g., have dedicated offices at GCM Grosvenor, participate in general meetings and events for GCM Grosvenor personnel, work on GCM Grosvenor matters as their primary or sole business activity) even though they are not GCM Grosvenor employees, affiliates or personnel for purposes of the GCM Grosvenor Funds' agreements and related management fee offset provisions. Payments or allocations of costs and expenses to GCM Grosvenor's advisors, consultants, operating partners, and/or other professionals will generally not be subject to any offset provisions. Additionally, there can be no assurance that any of the senior advisors, consultants, operating partners and/or other professionals will continue to serve in such roles and/or continue their arrangements throughout the term of the GCM Grosvenor Funds.

#### Allocation of Costs and Expenses

GCM Grosvenor has a potential conflict of interest in determining whether certain costs and expenses are incurred in the course of operating the GCM Grosvenor Funds. For example, the costs arising from newly imposed regulations and self-regulatory requirements should be paid by the GCM Grosvenor Funds or by GCM Grosvenor. The GCM Grosvenor Funds will generally pay or otherwise bear all legal, accounting, filing, and other expenses incurred in connection with organizing and establishing the GCM Grosvenor Funds and the offering of interests in the GCM Grosvenor Funds. In addition, the GCM Grosvenor Funds will generally pay all expenses related to the operation of the GCM Grosvenor Funds and their investment activities as described in each GCM Grosvenor Fund Documents. GCM Grosvenor will also determine, in its sole discretion, the appropriate allocation of investment-related expenses, including broken deal expenses, incurred in respect of unconsummated investments and expenses more generally relating to a particular investment strategy, among the GCM Grosvenor Funds, vehicles and accounts participating or that would have participated in such investments or that otherwise participate in the relevant investment strategy, as applicable. This could result in one or more GCM Grosvenor Funds bearing more or less of these expenses than other investors or potential investors in the relevant investments or a GCM Grosvenor Fund paying a disproportionate share, including some or all, of the broken deal expenses or other expenses incurred by potential investors.

GCM Grosvenor Fund Documents identify non-exclusive lists of the costs and expenses to be paid by each GCM Grosvenor Fund. However, questions of interpretation can arise in connection with determining whether a certain cost or expense has, in fact, been so identified as well as whether newly arising and/or unanticipated costs or expenses fit within the non-

exclusive categories of costs and expenses described. GCM Grosvenor does not in all cases resolve such questions so that it—as opposed to the GCM Grosvenor Funds—is wholly, or even partially, responsible for such cost or expense.

Expenses related more generally to a particular investment or investment strategy, including, without limitation, broken deal expenses, certain organizational expenses, fees and expenses of consultants (e.g., senior advisors, industry advisors and other technical consultants) and costs and expenses of research and due diligence relating to such investment or strategy may be allocated to the GCM Grosvenor Funds and, if applicable, GCM Grosvenor proprietary entities participating (or proposed to participate) in the relevant investment or investment strategy. The allocation of such expenses among investors in a given investment or strategy will be based upon a number of relevant factors, including, without limitation, the capital committed to the investment or strategy. While, as a general matter, the significant majority of such expenses will typically be borne by the primary investment vehicles or accounts for such investment or strategy, the proportion of such expenses allocated to any relevant fund, vehicle or account may vary from period to period and for certain investments or strategies, resulting in one or more GCM Grosvenor Funds bearing more of the expense than others.

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

#### Allocation of Investment Opportunities

GCM Grosvenor will, from time to time, be presented with investment opportunities that fall within the investment objectives of multiple GCM Grosvenor Funds, including GCM Grosvenor Funds that are managed or advised by an affiliate of the Adviser. In such circumstances, GCM Grosvenor will seek to allocate such opportunities among the eligible GCM Grosvenor Funds on a basis that GCM Grosvenor reasonably determines in good faith to be fair and equitable, and may take into account a variety of relevant factors in determining eligibility, including the investment team primarily responsible for sourcing or performing due diligence on the transaction, the nature of the investment focus of each GCM Grosvenor Fund, the relative amounts of capital available for investment, anticipated expenses to the applicable GCM Grosvenor Fund and/or to GCM Grosvenor with regard to investment by the various GCM Grosvenor Funds, the investment pacing and timing of the GCM Grosvenor Funds and other considerations deemed relevant by GCM Grosvenor. In certain cases, pursuant to its policies and procedures and/or applicable agreements, GCM Grosvenor may be obligated to offer an investment opportunity to one or more particular GCM Grosvenor Funds or GCM Grosvenor clients, including in connection with such clients' direct investments, in priority to or in addition to other GCM Grosvenor Funds. Furthermore, in certain instances, a GCM Grosvenor Fund of one GCM Grosvenor adviser may be treated as a GCM Grosvenor Fund of another GCM Grosvenor adviser for purposes of investment allocations, particularly if such other GCM Grosvenor adviser or its personnel are assisting in managing such GCM Grosvenor Fund. In the case of any such limited opportunity, certain GCM Grosvenor Funds may not be allocated the full investment level in any investment opportunity, or may be unable to participate in certain investments due to contractual constraints on the availability of such investments. In the event that a GCM Grosvenor Fund is subject to terms which are less favorable than the economic terms applicable to other GCM Grosvenor Funds, it could create an incentive for GCM Grosvenor to prioritize the allocation of certain investments to such other GCM Grosvenor Funds. Such less favorable terms include, for example, lower fees, lower carried interest, lower performance-based fees or allocations or greater expenses borne by GCM Grosvenor.

#### Co-Investment Allocations

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

policies and procedures, which may result in such GCM Grosvenor Fund or investor receiving a smaller, or no, allocation to the particular investment opportunity.

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

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

From time to time, GCM Grosvenor may have the opportunity to offer certain investment opportunities to GCM Grosvenor Fund investors or other parties on an overage basis after GCM Grosvenor Funds have received what GCM Grosvenor determines to be an appropriate allocation to such opportunities. GCM Grosvenor may offer and allocate such overage investment opportunities to any parties in its sole discretion and on such terms and conditions that GCM Grosvenor and such parties agree. There is no assurance that any GCM Grosvenor Fund investor will be granted any such opportunity offered by GCM Grosvenor, even if the investment of a particular GCM Grosvenor Fund in which such investor invests contributed, in whole or in part, to such overage opportunity. GCM Grosvenor will take into account various facts and circumstances deemed relevant by it when determining the allocation of overage opportunities. Such factors include, among others, (i) whether a potential overage investor has expressed an interest in evaluating such opportunities; (ii) whether a potential overage investor has a history of participating in such opportunities with GCM Grosvenor; (iii) the size of the interest and opportunity; (iv) the economic terms applicable to such overage investment for such investor and GCM Grosvenor; (v) whether allocating to a potential overage investor will help establish, recognize, strengthen and/or cultivate relationships with an existing or prospective investor; and (vi) such other factors GCM Grosvenor deems relevant under the circumstances. The allocation of overage investment opportunities by GCM Grosvenor may involve a benefit to GCM Grosvenor including, without limitation, management fees, carried interest or performance-based fees or allocations from



an overage opportunity. GCM Grosvenor Fund investors or other parties that seek to participate in a potential overage opportunity may not share in any broken deal expenses in the event such opportunity is not consummated.

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

#### Board and Advisory Committee Seats

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

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

### Principal and Cross Transactions

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

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

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

### Transfers of Interests in Underlying Funds

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

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

### Reputational Matters

GCM Grosvenor may have a conflict of interest between acting in what might be the best interest for the GCM Grosvenor Funds or certain employees and ensuring that GCM Grosvenor avoids publicity or any reputational harm. For example, there may be certain positions which other market participants take and which may benefit the GCM Grosvenor Funds but which GCM Grosvenor does not take for the GCM Grosvenor Funds due to GCM Grosvenor's determination that such position may be seen as inappropriate in certain regulatory contexts or otherwise unadvisable. In addition, GCM Grosvenor may decide not to make certain investments, or otherwise take or fail to take certain actions, on behalf of GCM Grosvenor Funds to the extent that such investments, actions or inactions could subject GCM Grosvenor or its related persons to



reputational risk, even if such investments, actions or inactions would be appropriate or potentially favorable for a GCM Grosvenor Fund. Certain existing or potential GCM Grosvenor Fund investments may require GCM Grosvenor to make public or potentially public disclosures about itself, its business and/or its related persons that GCM Grosvenor may not wish to make public, and GCM Grosvenor may therefore determine not to make such investment or to seek a potentially premature exit from such investment for a GCM Grosvenor Fund.

#### GCM Grosvenor Fund Investor Interests

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

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

#### Investments in Investment Managers

Certain GCM Grosvenor Funds and/or GCM Grosvenor and its related persons may, for their own accounts (i) invest in Investment Managers and in investment vehicles or accounts managed or advised by such firms; (ii) enter into fee-, revenue- and/or profit-sharing agreements or other arrangements with Investment Managers and/or with investment vehicles or accounts managed or advised by such firms (**Project Agreements**); and/or (iii) operate and/or manage Investment Managers. Investments in Investment Managers may be made in exchange for seeding or otherwise funding such firms' operations. In connection with such seed investments, GCM Grosvenor may receive economic participation in

the form of profit sharing, equity interests, or other contractual means of participating in the business of the Investment Managers.

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

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

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

#### Follow-On Investments

Certain Underlying Funds employ a long-term approach, whereby investments in Portfolio Companies are typically held for a number of years, and there may be follow-on investments in Portfolio Companies in which other GCM Grosvenor Funds and/or Underlying Funds sponsored by the same Investment Manager have previously made investments. Such follow-on investments in existing Portfolio Companies may be attractive investment opportunities, and may somewhat or substantially dilute the earlier investments made by such other GCM Grosvenor Funds and/or Underlying Funds if such other GCM Grosvenor Fund and/or Underlying Funds either do not have or do not exercise anti-dilution rights in respect of such Portfolio Companies. Such dilution may be extreme if, without the follow-on investment, the Portfolio Company would suffer significant negative consequences or fail, so that the terms on which such follow-on investment is made may be highly beneficial to the subsequent investors.

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

#### Investments by Other GCM Grosvenor Funds

In addition to follow-on investments, GCM Grosvenor Funds may make debt, equity or other investments in companies in which GCM Grosvenor or one or more other GCM Grosvenor Funds also invest, either directly or through an Underlying Fund. Such investments by a GCM Grosvenor Fund may be made prior to the investment by other GCM Grosvenor Funds, concurrently as part of the same financing plan or subsequent to the investment by such GCM Grosvenor Fund. Any such investment by a GCM Grosvenor Fund may consist of securities, loans or other investments of a different class or type from those in which other GCM Grosvenor Funds are invested and that may entitle the holder of such investments to greater

control or to rights that otherwise differ from those to which such GCM Grosvenor Fund is entitled. In connection with any such investments, the GCM Grosvenor Funds may have conflicting interests and investment objectives, and any difference in the terms of the investments held by such parties may raise additional conflicts of interest for the GCM Grosvenor Funds and GCM Grosvenor.

#### Investments in Other GCM Grosvenor Funds

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

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

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

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

#### Investments in Underlying Funds Managed by Clients

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

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

Certain of the Underlying Funds in which the GCM Grosvenor Funds may invest may hold notes or other securities issued from time to time by GCM Grosvenor or an affiliate. The fact that certain of the Underlying Funds may hold notes or other securities issued by GCM Grosvenor or an affiliate could compromise GCM Grosvenor's objectivity in determining whether or not to invest in such Underlying Funds.

#### Stapled Investments and Secondaries

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

#### Investment Managers and Co-Investment Sponsors

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

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

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

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

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

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

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

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

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

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

Persons employed by or otherwise associated with consulting firms may have an incentive to select or recommend GCM Grosvenor as a prospective manager of the assets of clients of such consulting firms and/or recommend that such clients continue to retain GCM Grosvenor. GCM Grosvenor may from time to time enter into arrangements with consulting firms that represent existing and prospective clients, pursuant to which such consulting firms provide GCM Grosvenor certain

performance or other data on the alternative investment industry. GCM Grosvenor may compensate such consulting firms for such services on an annual flat-fee or other basis. GCM Grosvenor requires that any consulting firm that provides services to GCM Grosvenor for compensation disclose that fact to all clients to which it recommends GCM Grosvenor.

#### Gifts, Meals, and Entertainment

Persons employed by or otherwise associated with GCM Grosvenor may receive gifts, meals or entertainment from current or prospective service providers of GCM Grosvenor or the GCM Grosvenor Funds, including, without limitation, existing or potential Investment Managers. GCM Grosvenor maintains policies and procedures that it believes are reasonably designed to preserve its objectivity with respect to the selection, retention, and termination of service providers, notwithstanding the receipt of gifts, meals, and/or entertainment by its personnel from such service providers. However, notwithstanding these policies and procedures, to the extent that employees of GCM Grosvenor or its related persons receive gifts, meals and/or entertainment from a service provider or prospective service provider, such individual may have an incentive to seek to cause GCM Grosvenor or the GCM Grosvenor Funds to enter into a business relationship with, or to sustain or expand an existing business relationship with, such service provider even if doing so is not in the best interests of the GCM Grosvenor Funds.

GCM Grosvenor may from time to time provide meals and entertainment to, or contribute to events sponsored by, persons employed by or otherwise associated with consultants, financial advisers, clients and prospective clients, which may include investors in the GCM Grosvenor Funds. In certain cases, GCM Grosvenor may provide such contributions, meals, and entertainment to clients or prospective clients at the request of consultants, financial planners or other third parties. It is possible that such contributions or provision of meals and entertainment could affect such persons' decision-making responsibilities.

#### Charitable and Philanthropic Activities

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

#### Engagement in Political Activities Conflict

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

#### Valuation Matters

The fair value of all investments or of property received in exchange for any of GCM Grosvenor Fund investments will be determined by GCM Grosvenor in accordance with its policies and procedures and the relevant GCM Grosvenor Fund Documents. Accordingly, the carrying value of an investment may not reflect the price at which it could be sold in the market, and the difference between the carrying value and the ultimate sales price could be material. In addition, GCM Grosvenor's objectivity in determining valuations, whether at the GCM Grosvenor Fund or the Underlying Fund level, could



be qualified by GCM Grosvenor's incentive to present positive investment results. The valuation of investments will also affect the amount and timing of GCM Grosvenor's carried interest or performance-based fees or allocations and, in many circumstances, the amount of management fees payable to GCM Grosvenor. The valuation of investments may also affect the ability of GCM Grosvenor to raise successor funds to one or more GCM Grosvenor Funds. As a result, there may be circumstances where GCM Grosvenor is incentivized to determine valuations that are higher than the actual fair value of investments.

#### Brokerage and Research Services; "Soft Dollars"

GCM Grosvenor does not currently participate in "soft dollar" arrangements. However, GCM Grosvenor may in the future select service providers, including affiliates of GCM Grosvenor, that furnish GCM Grosvenor with proprietary or third-party brokerage and research services that provide, in GCM Grosvenor's view, appropriate assistance to GCM Grosvenor in its investment advisory process. As a result, GCM Grosvenor may pay for such brokerage and research services with "soft" or commission dollars.

#### Trade and Clerical Errors

Pursuant to the standard of care provisions of the GCM Grosvenor Fund Documents, GCM Grosvenor will reimburse such GCM Grosvenor Fund for losses sustained by such GCM Grosvenor Fund as a result of any trade or clerical error that is caused by GCM Grosvenor's failure to adhere to the standard of care set forth in such provisions. Subject to its fiduciary obligations, GCM Grosvenor will determine: (i) whether any trade or clerical error is required to be reimbursed in accordance with such standard of care provisions; and (ii) if so, the extent of the loss that has been incurred by the relevant GCM Grosvenor Fund. GCM Grosvenor has an inherent conflict of interest with respect to determining whether or not a trade or clerical error is required to be reimbursed in accordance with the applicable standard of care provisions and with respect to determining the extent of the loss that has been incurred by the relevant GCM Grosvenor Fund.

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

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

#### Certain Disclosure Issues

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

In addition, GCM Grosvenor may possess material non-public information or other confidential proprietary information that may effectively limit the ability of certain GCM Grosvenor Funds to make certain investments or dispose of certain investments until such time as the information became public or is deemed no longer material to preclude GCM Grosvenor Funds from participating in, or disposing of, an investment. Disclosure of such information to GCM Grosvenor's personnel responsible for the affairs of certain GCM Grosvenor Funds will be on a business need to know basis only, and the GCM Grosvenor Funds may not be free to act upon any such information. Additionally, there may be circumstances in which one or more of certain individuals associated with GCM Grosvenor will be precluded from providing services related to the GCM Grosvenor Funds' activities because of certain confidential information available to GCM Grosvenor. Therefore, the GCM Grosvenor Funds may not have access to material non-public information in the possession of GCM Grosvenor which might be relevant to an investment decision to be made by the GCM Grosvenor Funds, and the GCM Grosvenor Funds may initiate

a transaction or sell an investment which, if such information had been known to it, may not have been undertaken. Due to these and legal restrictions, the GCM Grosvenor Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Any such restrictions may materially constrain the investment flexibility of GCM Grosvenor or the GCM Grosvenor Funds.

#### No Independent Advice

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

#### Side Letters

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

#### Legal Representation

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

## Item 9 – Disciplinary Information

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

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

## Item 10 – Other Financial Industry Activities and Affiliations

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#### Affiliated Registered Investment Adviser

We are under common control with GCMLP, an investment adviser registered as such with the SEC. Since 1971, GCMLP and its predecessors have specialized in providing hedge fund investment management and advisory services to their clients.

While we share certain operational infrastructure with GCMLP, we generally maintain separate investment teams and investment processes. However, investment and non-investment personnel are encouraged to collaborate with their



colleagues at GCMLP, and investment opportunities sourced by us or by GCMLP may be allocated pursuant to GCM Grosvenor's policies across the enterprise.

#### Affiliated Investment Managers

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

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

In addition, in November 2017, GCM UK became a full scope Alternative Investment Fund Manager (AIFM) under the Alternative Investment Fund Managers Directive, enabling GCM UK to be an AIFM for alternative funds that will have the benefit of the EU marketing passport. We anticipate that when GCM UK establishes its European domiciled alternative funds, it will appoint GCMLP or GCM CFG as the investment manager to these funds.

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

GCM Japan (as defined herein) may act as a discretionary investment manager on behalf of clients in Japan and, in that connection, may allocate client assets to one or more investment vehicles managed or advised by GCMLP or GCM CFG.

#### Affiliated Placement Agents/Distributor

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

GSLLC, a Delaware limited liability company of which we are the sole common member, is registered as a broker-dealer under the Exchange Act and is a member of the Financial Industry Regulatory Authority, Inc.

GSLLC's sole functions with respect to GCM CFG is to act as a private placement agent for certain securities (including interests in certain GCM Grosvenor Funds).

Pursuant to a Master Placement Agent Agreement, we and GCMLP compensate GSLLC on a flat annual fee basis for the placement agent and distribution services provided by GSLLC, regardless of the success of GSLLC's services. GSLLC has no employees. However, certain of our employees, including many of our executive-level employees, are registered as representatives of GSLLC so that they may engage in private placement activities on behalf of certain GCM Grosvenor Funds. We are exclusively responsible for compensating such employees, and neither we nor GSLLC pays any sales commissions to any such employees in connection with the private placement activities they perform on behalf of the GCM Grosvenor Funds.

GCM Investments Japan K.K. (**GCM Japan**), an affiliate of GCM Grosvenor, is located in Tokyo, Japan. GCM Japan is registered as a securities company in Japan with the Kanto Local Finance Bureau. GCM Japan may act as placement agent for certain GCM Grosvenor Funds that are privately offered in Japan to Japanese investors, provide ongoing services to Japanese investors in such vehicles and provide research services to GCM Grosvenor. GCM Grosvenor may compensate

GCM Japan for such placement agent services with an asset-based fee and may compensate GCM Japan for ongoing client and research services based on a percentage mark-up over the cost of providing such services. GCM Japan is exclusively responsible for compensating its employees, and neither GCMLP or GCM CFGI, nor GCM Japan, pays any sales commissions to such employees in connection with the private placement activities they perform.

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

#### Other Affiliates

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

#### Affiliated General Partners

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

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

The Manager of each GCM CFGI Investment Vehicle has delegated certain of its rights, power, authority, duties, and responsibilities to us pursuant either to:

- such GCM CFGI Investment Vehicle's Documents, including any applicable side letter agreements, which are negotiated on a case by case basis
- an investment advisory or investment management agreement

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

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#### Code of Ethics

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

Our personnel have several basic obligations under the Code of Ethics:

- (1) act consistently with our fiduciary duties to our clients
- (2) comply with applicable federal securities and commodities laws
- (3) understand and adhere to the Firm's compliance policies and procedures
- (4) periodically submit certain statements or certifications to us

- (5) obtain pre-clearance from us in connection with certain types of activities and transactions (**Pre-Clearance Transactions**), including (under certain circumstances) investments in securities issued in private placements or in initial public offerings
- (6) refrain from engaging in certain types of prohibited transactions

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

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

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

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

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## Item 12 – Brokerage Practices

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In our capacity as the investment manager of or investment adviser to the GCM CFG Funds, we are a fiduciary that owes the following duties, among others, to the GCM CFG Funds in connection with all transactions in securities where we have the power and authority to effect such transactions for the GCM CFG Funds:

- to seek best price and best execution in connection with such transactions, where applicable to such transaction
- to effect such transactions in a manner that is fair to all affected GCM CFG Funds
- to exercise diligence and care throughout the transaction process

The GCM CFG Funds ordinarily invest in Underlying Funds directly with such Underlying Funds without the involvement of a financial intermediary such as a broker-dealer. Commissions are typically not payable in connection with such investments.

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

Our investment strategies generally do not involve the direct purchase of publicly traded securities, either in the over-the-counter or exchange markets. However, in certain cases, Underlying Funds in which the GCM CFG Funds invest may make, to the GCM CFG Funds, in-kind distributions of publicly traded securities issued by Operating Companies held by such Underlying Funds. Also, in certain cases, Operating Companies whose securities were acquired by the GCM CFG Funds in private transactions may register those securities for public resale. Finally, the GCM CFG Funds may, with the prior written authorization of our Principal Investment Committee, purchase publicly traded securities in the over-the-counter or exchange markets.

To the extent that the GCM CFG Funds that we manage on a discretionary basis purchase or sell securities in the public markets, we have the authority to determine the financial intermediaries to be used in connection with such purchases or sales and to negotiate the commissions or other transactional compensation to be paid to such intermediaries in connection with such purchases or sales; which commissions or other compensation are borne by the affected GCM CFG Funds. In determining which financial intermediaries to use to effect purchases and sales of securities on behalf of the GCM CFG Funds, we focus on the quality of the execution-related services provided by the intermediaries, including factors such as the ability of the intermediaries to execute transactions efficiently, their responsiveness to instructions, their facilities,

their reliability, and their financial stability. We do not necessarily select those that charge the lowest commissions or other transactional costs.

To the extent that GCM CFGI Funds that we advise on a non-discretionary basis purchase or sell securities in the public markets, we do not have the authority to determine the financial intermediaries used in connection with such transactions. Accordingly, we cannot negotiate the commissions or other transactional compensation to be paid to such intermediaries in connection with such transactions, unless the investor in the relevant GCM CFGI Fund expressly confers that authority on us and we agree to accept such authority. In all such cases, the commissions or other compensation are borne by the relevant GCM CFGI Funds.

We currently do not have any formal soft dollar arrangements. We may from time to time use financial intermediaries that provide research-related products or services to most or all of their customers, and although we do not request research-related products or services from such financial intermediaries, we may on occasion receive and use research provided by such intermediaries. Access to such research is not contingent on any level of trading or commissions generated, and we believe such research is available to all institutional money managers of similar size. Further, since the research provided is not material in nature and quantity and is provided to us without our request, we believe that our receipt of such research does not have a material effect on our selection of financial intermediaries.

## Item 13 – Review of Accounts

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We manage the GCM CFGI Funds in accordance with the investment objectives, mandates and client-imposed restrictions set forth in GCM CFGI Funds' Documents, representations made to relevant investors in the GCM CFGI Funds and applicable regulatory restrictions. The investments made by GCM CFGI Funds generally are long-term in nature. Accordingly, the review process is not directed toward a short-term decision to purchase or sell securities. However, we carefully monitor Primary Fund Investments, Secondary Investments, and Co-Investments in which the GCM CFGI Funds invest.

GCM Grosvenor reviews GCM CFGI Funds on an on-going basis and provides reports in a manner, and on a frequency, as may have been negotiated with the investors in the GCM CFGI Funds. In addition, investors in the GCM CFGI Funds generally are provided with periodic reports and relevant tax reporting information. Special reports may be developed to meet specific investor requirements or respond to inquiries.

For each GCM CFGI Fund that is an entity, and for which we have custody (as further described in Item 15 – Custody), we deliver or cause to be delivered to each person who was an investor in such GCM CFGI Fund at any time during such fiscal year a written report containing audited financial statements of the GCM CFGI Fund for such fiscal year. Such audited financial statements generally include or are accompanied by:

- notes to the financial statements
- a statement of assets, liabilities, and investors' capital, including a condensed schedule of investments
- a statement of operations
- a statement of changes in investors' capital
- a statement of cash flows
- the financial statements of any GCM CFGI Fund in which such GCM CFGI Fund invests

In the case of Customized GCM CFGI Funds, our investment management or investment advisory services are tailored to the needs of the individual investors in such Customized GCM CFGI Funds. Investors may impose reasonable guidelines, mandates, or restrictions to customize an investment strategy or satisfy legal, regulatory, tax or other special concerns.

### Different Reporting Packages

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

Recipients of our oral and written reports should be aware that:

- we do not permit such recipients to copy, transmit or distribute such reports, or any data or other information contained therein, in whole or in part, or authorize such actions by others, without our express prior written consent, and any such action taken without our express prior written consent may constitute a breach of contract and applicable copyright laws
- by their receipt of such reports, such recipients will be deemed to have acknowledged that: (i) the data and/or other information contained therein may include data and/or information that, under applicable law, may be deemed to be material, non-public information regarding particular securities and/or the issuers thereof; (ii) under certain circumstances, United States securities laws prohibit the purchase and sale of securities by persons or entities who are in possession of material, non-public information relating to such securities and/or the issuers thereof; (iii) securities laws of other jurisdictions may contain a similar prohibition; and (iv) as a result, it is possible that trading in securities that are the subject of data and/or information contained in such reports may be prohibited by law

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

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## Item 14 – Client Referrals and Other Compensation

We may enter into a written agreement with a referrer or solicitor pursuant to Rule 206(4)-3 under the Advisers Act. Pursuant to such an agreement, we would provide the referrer or solicitor with this Brochure and a related disclosure document (**Disclosure Document**). The referrer or solicitor would then be required to deliver to each prospective participant in a GCM CFGI Fund at the time of solicitation:

- this Brochure
- the Disclosure Document
- a written disclosure statement on the solicitor's letterhead that:
  - › advises the participant of the nature of the relationship between us and the referrer or solicitor
  - › includes a statement that we will compensate the referrer or solicitor for the services it provides under the referral or solicitation agreement and indicates the terms of such compensation arrangement, including a description of the compensation paid or to be paid by us to the referrer or solicitor under the referral/solicitation agreement
  - › indicates whether the participant will be charged amounts in addition to the investment advisory fee in connection with the referral or solicitation agreement

### Non-Affiliated Placement Agents

From time to time, we engage non-affiliated placement, distribution, or similar agents to assist us in marketing interests in our investment products. If you acquire an interest in any of our investment products as a result of a recommendation made by any such placement, distribution or similar agent, you should not view such recommendation as being disinterested, as we generally will pay the agent for the introduction. To the extent that such agent is compensated by GCM Grosvenor, such compensation will be separately disclosed to investors.

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## Item 15 – Custody

Pursuant to the Advisers Act—which imposes certain requirements on SEC-registered investment advisers that have custody of client funds or securities—we are deemed to have custody of the funds and securities of certain GCM CFGI Funds even though:

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

Although we are deemed, under applicable rules, to have custody of the funds and securities of certain GCM CFG Funds that are entities, we are generally exempt from many of the provisions of the custody rule because we undertake to deliver to the investors, within 120-180 days after the end of the fiscal year of such GCM CFG Fund, financial statements that are:

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

## Item 16 – Investment Discretion

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In the case of GCM CFG Funds over which we exercise investment discretion, we sometimes have sole discretion without consent of the investors, as to which securities will be bought or sold, and in what amount. Certain investors may have greater involvement in the investment process. The governing documentation for a GCM CFG Fund may, however, place certain restrictions on the type and amount of securities that we can buy on behalf of such GCM CFG Fund. In certain cases we serve in a non-discretionary capacity where the investor in a GCM CFG Fund maintains discretion over which securities may be bought and sold, in which amount and when. Such a non-discretionary arrangement would be described in such GCM CFG Fund Documents. In certain cases where we have been granted discretionary investment authority over GCM CFG Funds, the investors in those GCM CFG Funds have informally reserved the right to approve or not approve our investment decisions for those GCM CFG Funds prior to the implementation of such decisions.

## Item 17 – Voting Client Securities

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### Background

From time to time, GCM CFG receives requests from Investment Managers or other parties (other than a client) to vote a security held by a GCM CFG Fund, or to vote on any matter (or consent to any action) relating to a Project Agreement (Proxy Request). GCM CFG seeks to vote Proxy Requests in the best interests of our clients for which we have the authority to vote. GCM CFG's authority to vote or make recommendations for GCM CFG Funds is based on regulatory requirements, any arrangements made with the client and whether we have investment discretion. GCM CFG has adopted policies and procedures that establish standards for the proxy voting process, identification, and management of conflicts of interest and client disclosure obligations. You may request a copy of our Proxy Voting Policies and Procedures (**Proxy Voting Policy**), that are summarized herein, or request an opportunity to review our proxy voting records, by contacting our Investor Relations Team (telephone: +1.855.426.9321; e-mail: [client.services@gcmlp.com](mailto:client.services@gcmlp.com)).

### General Policy to Take Action in Response to Proxy Requests

GCM CFG votes Proxy Requests considering the available facts and in a manner consistent with the Proxy Voting Policy and GCM CFG's fiduciary duties. GCM CFG considers relevant information and evaluates other issues that could have an impact on the value of such securities. In general, GCM CFG votes Proxy Requests to try to maximize the overall value of the affected GCM CFG Funds.

When responding to Proxy Requests, GCM CFG seeks to:

- identify and takes action on Proxy Requests in a timely manner
- address any conflicts of interest appropriately

In the case of a GCM CFG Fund over which GCM CFG exercises investment discretion, GCM CFG takes action in response to each Proxy Request that it receives in connection with managing such GCM CFG Fund unless:

- such GCM CFG Fund is a single investor or participant GCM CFG Fund;
- GCM CFG has agreed in writing with the single investor or participant that GCM CFG is not required to take action in response to Proxy Requests for an affected GCM CFG Fund; and
- GCM CFG has agreed in writing with the single investor or participant that GCM CFG will not take action in response to Proxy Requests for an affected GCM CFG Fund.

In the case of a GCM CFG Fund over which GCM CFG does not have investment discretion, if requested to do so by the investors in the fund, GCM CFG will recommend the action that an affected GCM CFG Fund should take in response to any received Proxy Request unless:

- the affected GCM CFG Fund is a single investor or participant GCM CFG Fund that is subject to ERISA; or
- an appropriate authorized fiduciary of the single investor or participant has agreed in writing that:
  - › a party associated with such single investor or participant (e.g., the plan sponsor of such single investor or participant) has reserved the authority and right to take actions in response to Proxy Requests relating to the investments in the affected GCM CFG Fund; and
  - › GCM CFG will not make recommendations with respect to Proxy Requests for the affected GCM CFG Fund.

In certain cases, however, operating agreements between GCM CFG and its investors may permit GCM CFG to abstain from acting on a Proxy Request or from recommending what action should be taken with respect to a Proxy Request. An example of such instance is where the expected cost or administrative burden of giving due consideration to the Proxy Request does not justify the potential benefits to the affected GCM CFG Funds that might result from adopting or rejecting the proposals in question.

#### Investment Discretion and Client Instructions

With respect to GCM CFG Funds over which we exercise investment discretion, we ordinarily do not consult with investors prior to acting on Proxy Requests relating to held investments. In certain cases, however, investors in such accounts may reserve the right in operating agreements to approve or disapprove of GCM CFG's decisions with respect to acting on Proxy Requests for the affected GCM CFG Funds.

GCM CFG reviews each Proxy Request to determine if acting on such Proxy Request would be in the best interest of the affected GCM CFG Funds and its investors. As a result, depending on the particular circumstances of different GCM CFG Funds, GCM CFG may vote the securities of one GCM CFG Fund differently than it votes those of another GCM CFG Fund, or may vote differently on various proposals, even though the securities or proposals are similar or identical.

#### Conflicts

Due to the difficulty of predicting and identifying material conflicts with respect to proxy voting ahead of time, we will address those conflicts as they arise. Generally, conflicts of interest will be identified by members of our Principal Investment Committee as well as individuals involved in the proxy voting process and brought to the attention of our Global Chief Compliance Officer (CCO) or designee. The CCO or designee will determine the materiality of the conflict, and in consultation with other GCM CFG personnel, determine the appropriate course of action.

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## Item 18 – Financial Information

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

We have no financial condition that impairs or is reasonably likely to impair our ability to meet our contractual commitments to our clients, and we have never been the subject of any bankruptcy petition.