

**Part 2A of Form ADV: *Firm Brochure***

**TGM Associates L.P.**

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March 30, 2020

This brochure provides information about the qualifications and business practices of TGM Associates L.P. ("TGM Associates") and TGM AM LLC ("TGM AM") (collectively "TGM"). If you have any questions about the contents of this brochure, please contact us at (212) 830-9310 or [vbills@tgmassociates.com](mailto:vbills@tgmassociates.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about TGM Associates is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 108905.

TGM Associates is a registered investment adviser. Registration as an investment adviser reflects only that a firm has registered with the United States Securities and Exchange Commission and does not imply a certain level of skill or training.

## **Item 2      Material Changes**

There have been no material changes since our last annual filing of the Firm Brochure dated March 15, 2019. However, there have been changes throughout the Firm Brochure, including but not limited to, Items 4, 5, 7, 8, 11, 12, 13, and 14, which we encourage our Clients to review.

This Firm Brochure, dated March 30, 2020, provides you with a summary of TGM's advisory services and fees, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item 2 is used to provide our Clients with a summary of new and/or updated information; we will inform our Clients of any changes to our Firm Brochure as follows:

### **1. Annual Update:**

We are required to update certain information in our Firm Brochure at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Firm Brochure within 120 days of our FYE or we will provide you with our revised Firm Brochure that will include a summary of those changes in this Item 2.

### **2. Material Changes:**

Should a material change in our operations occur, depending on its nature we will promptly communicate this change to Clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates; and any other information that is critical to a Client's full understanding of who we are, how to find us, and how we do business.

### **3. Full Brochure Available:**

If you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (212) 830-9310 or by email at [vbills@tgmassociates.com](mailto:vbills@tgmassociates.com).

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## **Item 4      Advisory Business**

TGM Associates is an SEC-registered investment adviser with its principal place of business located at 650 Fifth Avenue, 28th Floor, New York, NY 10019. TGM's principal owner is SFT Real Estate LLC (1987), Harris Trust & Savings Bank, Trustee. The general partner of TGM is TJG Holdings, Inc., whose sole shareholder is John Gochberg.

Pursuant to umbrella registration, this Firm Brochure describes the advisory services provided by TGM Associates as "filing adviser" as well as TGM AM LLC as "relying adviser".

### **Types of Advisory Services**

TGM focuses on investing in existing multifamily residential real estate in the Continental United States, providing investment management and advisory services to institutional clients, benefit plans pursuant to Employee Retirement Income and Securities Act ("ERISA") and state pension plans, through pooled investment vehicles (each, a "Client"). Members of TGM's team have worked together for over 28 years, acquiring, managing, and selling apartment properties. In connection with its investment advisory services, TGM also provides property management services.

### **Tailored Advice and Investment Restrictions**

TGM's assets under management are held in pooled investment vehicles. To the extent practicable, TGM may agree to tailor its advice in respect of Clients outside of these pooled investment vehicles on a Client-by-Client basis, and may agree to impose reasonable restrictions on the types of investments made on behalf of such Clients. Generally, our investment recommendations are limited to investments in multifamily properties.

### **Wrap Fee Programs**

TGM does not participate in any wrap fee programs.

### **Client Assets Under Management**

As of December 31, 2019, TGM's regulatory assets under management totaled \$2.3 billion, all of which was managed on a non-discretionary basis.

## **Item 5      Fees and Compensation**

In consideration for providing investment advisory services, TGM earns a base Investment Advisory Fee of up to 1% of average daily equity invested in a private fund in accordance with Client agreements. Investment Advisory Fees are payable monthly, bi-monthly or quarterly in arrears.

TGM also earns an Incentive Investment Advisory Fee in consideration for its

investment advisory services of up to 20% of a specified threshold in accordance with the applicable Client agreements. Incentive Investment Advisory Fees are paid during the relevant investment holding period or upon the liquidation of the investment.

TGM or an affiliate earns Property Management Fees for supervising the daily site level operations of the multifamily residential real estate properties owned by private funds of up to 4% of Gross Rental Collections as defined in Client agreements. Such fees are payable monthly or quarterly in arrears.

Each Client has an advisory agreement that specifically states how the contract can be terminated before its expiration date.

Fees are billed to the Client, or paid directly from the private fund accounts, or as otherwise provided in the Client agreements.

TGM is deemed to be a fiduciary to Clients that are employee benefit plans pursuant to ERISA, and regulations under the Internal Revenue Code of 1986 (the "Internal Revenue Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, TGM may only charge fees for investment advice about products for which our firm does not receive a commission.

TGM considers all fees to be negotiable. TGM does not require or solicit pre-payment of fees.

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

## **Expenses**

The Clients generally bear their own expenses, including but not limited to: fees and out-of-pocket costs and expenses incurred in connection with the formation of the Client entity; legal, compliance and other expenses incurred in connection with the maintenance of the Client entity; the out-of-pocket charges and expenses of maintaining the Clients' bank accounts or of any banks, custodians or depositories, including the costs of bookkeeping and accounting services; the out-of-pocket charges and expenses for administering the Clients to the extent that such charges relate to services typically provided by third parties; all out-of-pocket costs incurred by TGM or its affiliates that are related to the Clients' operations, including travel costs, fees and other out-of-pocket expenses directly related to the investigation of investment opportunities (due diligence expenses), whether or not consummated; the acquisition, ownership, management, financing, hedging or sale of its investment (transaction expenses); expenses relating to meetings with the investors in the Clients; expenses associated with the preparation and distribution of reports to investors in the Clients; and extraordinary expenses.

Property expenses, related to TGM's supervision of daily site level operations of the properties may include, amongst other expenses as detailed in the Clients' agreements, salaries, bonuses, commissions, taxes, insurance and other payroll related benefits for all personnel performing functions related to property operations employed by TGM or its affiliates either directly or indirectly.

In certain instances, these costs and expenses are capped at a level specified in a Client's agreement with TGM and/or may require preliminary approvals. If fees or expenses are shared amongst Clients, such fees and expense are generally allocated to each Client on a pro-rata basis or another method that TGM deems fair and equitable.

Clients may incur brokerage and other transactional costs. See Item 12.

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

As disclosed in Item 5 of this Firm Brochure, in addition to receiving Investment Advisory Fees and Property Management Fees, TGM is entitled to a performance-based fee from its Clients in the form of an Incentive Investment Advisory Fee. TGM earns such Incentive Investment Advisory Fee with respect to a Client if the returns to such Client exceed predetermined thresholds.

TGM endeavors at all times to put the interest of its Clients first as part of its fiduciary duty as an SEC-registered investment adviser; accordingly, TGM takes the following steps to address potential conflicts of interest:

1. TGM discloses to Clients the existence of all material conflicts of interest, including the potential for TGM and its employees to earn greater compensation from advisory Clients who pay performance-based fees and that performance-based fees may influence TGM's recommendations to the Client;
2. TGM collects, maintains and documents accurate, complete and relevant Client background information;
3. TGM's management conducts timely reviews of each Client's advisory agreement to verify that all recommendations made to a Client are suitable to that Client's specifications;
4. TGM has implemented policies and procedures for fair and consistent allocation of investment opportunities among all Client accounts; and
5. TGM educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients and equitable treatment of all Clients, regardless of the fee arrangement.

**A Client must understand the performance-based fee method of compensation and the risks associated therewith prior to entering into an advisory agreement with TGM.**

## **Item 7      Types of Clients**

TGM provides investment advisory services to pooled investment vehicles (other than investment companies and business development companies). The investors participating in the pooled investment vehicles may include sovereign wealth funds, family office, pension and profit-sharing plans, trusts, estates, endowments, charitable organizations, corporations or other business and investment entities. Investors in the pooled investment vehicles are required to meet certain requirements, including being accredited investors (as defined in Regulation D of the Securities Act of 1933, as amended); qualified clients (as defined in the Investment Advisers Act of 1940, as amended (the “Act”)); and qualified purchasers (as defined in the Investment Company Act of 1940), as applicable, in addition to meeting general sophistication requirements.

Minimum investment requirements, if any, are disclosed in the relevant governing documents; however, such minimums may be waived at the discretion of the general partner of the pooled investment vehicles.

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

### **Method of Analysis**

TGM does not presently exercise discretionary authority over any of its Client’s accounts. TGM makes recommendations to each Client regarding proposed real estate acquisitions, sales and financings. These recommendations are consistent with TGM’s understanding of each Client’s investment goals and expectations.

#### **I.      Investment Process**

TGM makes recommendations that are focused for the economic buyer of large multifamily communities located in the Continental United States. TGM’s management and acquisition teams review markets for changing trends and dislocations, because dislocations in market pricing are evolving. TGM adjusts its target markets, as appropriate, within the Continental United States based on TGM’s determination on market valuations and conditions.

TGM evaluates national financial markets and local factors that affect supply, demand and a community’s “walk-ability” rating to target assets that it determines will likely have the most relative value. TGM focuses on markets that it determines has significant positive outlooks and for reasons that are non-pejorative to the market and/or property, may not be favored with competing investors (this limits buy side competition, which in turn allows acquisition of properties at better pricing than what would be available if there were more competitive bidders).

Factors that TGM considers when evaluating markets include the following: 1) the

existence of barriers to new development, thus, we focus on markets that are constrained or semi-constrained (i.e., impediments to new construction – geographic, political, financial, etc.); 2) positive economic drivers, such as population growth at or above the national average and diversified growing economies that have a higher proportion of white collar jobs; 3) a deep pool of buyers with a propensity to rent rather than own; 4) large spread between rent levels and cost to own/carry a single family home; and 5) desirable school systems. TGM looks for opportunities where its rehab/construction and management expertise can add value, for example, properties that have significantly deferred maintenance.

TGM's proprietary property acquisition analysis strives to evaluate all multifamily properties for sale in the Continental United States that have more than 100 units. TGM typically reviews acquisitions opportunities on a weekly basis.

TGM's proprietary analysis includes a range of data points, including discussions with sales brokers, other owner operators and sellers, analysis from recent transactions, local operating experiences, discussions with national vendors, lenders, analysis of the financial and debt markets, and information obtained from various industry conferences. TGM's proprietary analysis of multi-family properties is focused to identify assets that meet the Client investment objectives, as well as to assess whether TGM should recommend changes to Client stated investment criteria.

TGM believes that its experience demonstrates that property management is most effective when closely coordinated with the investment advisory process. TGM's property management company is called TGM Communities. TGM Communities plays a significant role in TGM's acquisition, disposition and financing processes. TGM Communities' employees provide "real-time", local market knowledge, which may allow TGM to identify potential capital needs and related costs and to identify trends (positive and negative) earlier than information available to competing buyers that use third-party property managers.

Multifamily property acquisitions available to TGM are allocated to its Clients or may be purchased by TGM or its affiliates in accordance with TGM's Allocation Policy, which is disclosed to each Client.

The Investment Committee of TGM reviews the underwriting for property acquisition opportunities, including the "best and final" offer terms that would be recommended to Clients.

TGM's analysis includes formal and robust due diligence. The formal due diligence process generally commences after a property acquisition offer has been accepted by the property seller. Information acquired during the due diligence process is incorporated into the final economic analysis, which is reviewed by TGM's Investment Committee and is considered in the investment recommendation process, including recommendations to modify price or other acquisition terms.

TGM incorporates its property management professionals into the acquisition due



diligence process. TGM believes that the group that is primarily responsible for operating a multi-family asset after its acquisition and that has evaluated the material underwriting assumptions during the diligence process, is better positioned and can more efficiently plan the transition of the property from the seller to the Client.

The typical procedures TGM performs during due diligence are as follows: TGM performs a walk-through of all apartment interiors, audits all resident lease files, conducts an exterior and common area inspection, meets with the applicable municipal departments, reviews the competitive properties' rents, completes an evaluation of the onsite staff, analyzes the current utility billing program and areas for future economic opportunity and confirms the accuracy of the pre-due diligence revenue, operating and capital projections. Additionally, environmental and structural reports are obtained from a third party.

## **II. Property Monitoring**

As discussed above, as a separate service, TGM provides property management, through its affiliate, TGM Communities, for its Client real estate assets for specified fees and on terms that have been approved by the applicable Clients. TGM Communities is overseen by TGM's Chief Operating Officer with the support of TGM's regional teams, and subject matter specialists. TGM Communities provides full-service property management, including property level reporting to the Client.

## **III. Disposition of Property**

TGM believes that a strong sell discipline is an essential element of a sound investment management strategy. TGM generally uses the same market and property analysis for sell recommendations as it uses for acquisition recommendations, supplemented by the additional local market and property information that it receives from property operations, which TGM believes is one of the significant advantages of being a fully integrated operating and investment advisory company.

Generally, TGM periodically provides Clients with recommendations regarding disposition of assets in each Client's portfolio.

There can be no assurance that the Clients' investment objectives will be achieved, and actual investment results may vary substantially from the investment objective. Each Client should be prepared to bear these risks. The success of TGM's investment activities will depend on its ability to identify investment opportunities that have the proper risk/reward balance. There can be no assurance that a Client's targeted rate of return will be achieved or that there will be any return of capital. The environment for real estate investments is increasingly competitive and no guarantee or representation is made that a Client's investment programs will be successful.

## **IV. Risk Factors**

Investing in real estate and securities involves a risk of loss. Clients should be prepared to bear this loss, up to the entire amount of their investment.

### **Risks of Fundamental Analysis**

TGM's investment analysis relies on the assumption that the asset and market information gathered from publicly available sources is accurate and unbiased. While TGM is alert to indications that the information may be incorrect, there is always a risk that TGM's analysis may be compromised by inaccurate or misleading information.

### **Risks of Real Estate Investment**

All real estate investments are subject to certain risks. Real estate investments are relatively illiquid and, therefore, will tend to limit TGM's ability to vary Clients' portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments will not decrease in the future or that TGM will recognize full value for any investment that Clients are required to sell for liquidity reasons. In addition, the ability of Clients to realize anticipated rental income on equity will depend, among other factors, on the financial reliability of its residents and borrowers, the location and attractiveness of the properties, the supply of comparable space in the areas in which properties are located and general economic conditions.

Other risks include changes in zoning, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage funds, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, civil unrest, health pandemics and other public health crises, and uninsurable losses and other factors beyond the control of the TGM's management. Additionally, Clients may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by the Clients will reduce the cash available for distribution and may require the Client accounts to fund deficits resulting from the operation of a property.

Clients should contact TGM for a more detailed description of the risks involved in an investment in accordance with the strategy utilized by TGM.

### **Risks of Investment in Development and Construction Projects**

Development and construction work are subject to a number of risks, including the cost and timely completion of construction, risks of construction delays or significant cost overruns that may increase project costs, risks that the project will not achieve anticipated occupancy levels or sustain anticipated rent levels or generate anticipated revenue and new project commencement risks, such as the failure to obtain zoning, occupancy or other required governmental permits and authorizations. The ability to obtain zoning,

occupancy or other governmental permits and authorizations are subject in large part to the discretion of one or more governmental bodies and can involve political interests and community level concerns or involvement, which may result in delays or the failure to obtain these necessary permits or authorizations. Latent site conditions may also lead to increased costs and loss of revenue. The purchase price of each project will be based upon projections as to the expected operating results of such project, subjecting a Client to risks that the project may not achieve anticipated operating results or may not achieve these results within anticipated time frames. For these and other reasons, development and construction projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others.

### **Risks of Potential Leverage**

TGM will utilize leverage with the goal of enhancing a Client's returns. TGM's failure to obtain leverage at the contemplated levels, or to obtain leverage on attractive terms, could have a material adverse effect on a Client. Use of leverage will subject a Client to risks normally associated with debt financing, including the risk that a Client's cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on the investments will not be able to be refinanced, the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness or the risk that a Client will be unable to repay its debt at maturity and the lender could seize a Client's investment.

### **Risks of Leveraged Investments**

Leverage creates an opportunity for increased return on equity, but at the same time creates risk for a Client to incur losses. For example, leveraging magnifies changes in a Client's account's asset values. TGM will leverage assets when there is an expectation that leverage will provide a benefit, such as enhancing returns, although TGM cannot assure that the use of leverage will prove to be beneficial. Increases in credit spreads in the market generally may adversely affect the market value of a Client's investments. Moreover, TGM cannot assure that it will be able to meet debt service obligations in general and, to the extent such obligations are not met, there is a risk of loss of some or all of a Client's investments through foreclosure or a financial loss if a Client is required to liquidate assets, the impact of which could be magnified if such a liquidation is at a commercially inopportune time.

### **Cybersecurity Risk**

As the use of technologies, such as the internet, has become more common in conducting business, TGM may be more susceptible to operational, information security and related risks in connection with breaches in cybersecurity. Generally, a cybersecurity failure may result from either intentional attacks or unintentional events and include, but are not limited to, unauthorized access to digital systems, the misappropriation of assets or sensitive information, the loss of proprietary information, corruption of data and operational disruption, including denial-of-service attacks on websites. A cybersecurity failure could cause a Client and/or TGM to become subject to regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial losses. Cybersecurity failures may involve third-party service providers,

joint venture partners, and investments made by, or counterparties involved in transactions with, TGM or the Clients. TGM has established policies and procedures reasonably designed to reduce the risks associated with cybersecurity failures; however, there can be no assurance that these policies and procedures will prevent or mitigate the impact of cybersecurity failures.

## **Item 9 Disciplinary Information**

TGM and its management persons have not been involved in legal or disciplinary events that are material to a Client's evaluation of TGM's advisory business or the integrity of its management.

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

Neither TGM nor any of its management persons has registered as, or has a pending application to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

TGM Apartment Partners GP LLC, a Delaware limited liability company and an affiliate of TGM ("TGM AP GP"), serves as the general partner of a pooled investment vehicle managed by TGM. TGM AP GP does not conduct any activities other than serving as the general partner of a pooled investment vehicle managed by TGM.

TGM AM, a Delaware limited liability company and an affiliate of TGM Associates, provides investment management services to a pooled investment vehicle managed by TGM.

Other than TGM AP GP, and TGM AM, TGM Associates does not have any financial industry affiliations, nor does it recommend other investment advisors to Clients or receive compensation from other investment advisors.

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

TGM has adopted a written Code of Ethics (the "Code") to alert the officers, directors and supervised persons (for the purpose of this section, "employees") of TGM to their ethical and legal responsibilities with respect to securities transactions involving (a) possible conflicts of interest with Clients or (b) the possession of material, non-public information.

Under the Code, employees must act in the best interests of Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Employees are also required to comply with applicable provisions of the federal securities laws and make prompt

reports to the TGM or other appropriate party of any actual or suspected violations of such laws by TGM or its employees.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading of TGM's employees. The Code prohibits employees from engaging in personal trading in the securities of issuers on the TGM's restricted list; generally prohibits purchasing securities in an initial public offering; requires pre-clearance before purchasing securities in a limited offering (*i.e.*, a private placement); requires "access persons", as defined under the Act, to provide brokerage accounts statements or to report all securities transactions on at least a quarterly basis; and requires access persons to provide a summary of securities holdings on at least an annual basis. TGM has adopted policies and procedures to prevent the misuse and disclosure of material nonpublic information ("insider trading") and other confidential information and policies and procedures addressing conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions.

A copy of the Code is available to its Clients and prospective Clients, who may request a copy by email sent to [vbills@tgmassociates.com](mailto:vbills@tgmassociates.com), or by calling us at (212) 830-9310.

TGM AM is a relying advisor of TGM Associates under the Umbrella Registration Rule 203A-2(b) of the Act and has adopted the same policies and procedures as TGM Associates, including the Code.

TGM provides, directly or through affiliates, services related to investments by private fund Clients that invest in multifamily residential real estate. TGM co-invests with the Clients to the extent required in the applicable agreement. TGM and its principals, officers and directors will devote as much time as they deem necessary and appropriate to manage the investments by its private fund Clients or as described in the Client agreement.

## **Item 12 Brokerage Practices**

Due to TGM's strategy, it does not use, select or recommend broker-dealers for any security transactions. However, TGM has discretion to select which broker to use in acquiring or disposing of real estate investments for Clients. We do not receive any incentive to select or recommend a broker. Clients pay for brokerage fees or expenses incurred in acquiring investments. If, in the future, TGM utilizes broker-dealers for securities transactions, this section will be updated accordingly.

## **Item 13 Review of Accounts**

The investments made by the Clients are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of investments. TGM monitors the portfolio investments of its Clients and maintains an ongoing oversight position in such investments. A team of investment,

finance and operation professionals reviews each Client's portfolios on a regular ongoing basis (weekly, monthly and quarterly). These reviews include, without limitation, due diligence, review and approval by TGM's Investment Committee, and execution. Additionally, TGM's Chief Compliance Officer (or a designee thereof) periodically checks to confirm that each Client is maintained in accordance with its stated objectives.

TGM provides to each of its Clients (i) annual GAAP audited and quarterly unaudited financial statements, including certain schedules and other reports specified in the applicable governing documents and (ii) annual tax information necessary for each limited partner's tax return. In the course of conducting due diligence or otherwise, investors periodically request information pertaining to their investments. TGM responds to these requests, and in answering these requests provides information that is not generally made available to other investors who have not requested such information. Additionally, upon request investors may receive additional information and reporting that other investors may not receive.

In addition to the foregoing disclosures, TGM's policy is to disclose to Clients any other material facts or conflicts of interest relating to portfolio management services when the Operating Committee determines there has been a material change in the property investment of a Client or other material event, whether or not the disclosure is required to be included in our Form ADV.

TGM also meets at least annually with each of its Clients to review their portfolio returns and to assess each Client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the market, political or economic environment, or by changes in the Client's stated investment objectives. These reviews are conducted by TGM's Operating Committee members.

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

No one other than the Clients provides an economic benefit to TGM for providing investment advice or other advisory services to the Clients.

TGM will, from time to time, engage referral agents to identify potential clients interested in entering into investment management agreements with TGM. TGM may pay such agents a fixed fee or a portion of the fees paid to TGM. Where applicable, such compensation is paid in a manner intended to comply with SEC Rule 206(4)-3, which regulates the payment of solicitation fees by registered investment advisers.

We currently compensate one solicitor who is not a supervised person, who engages in solicitation activities on behalf of TGM. Under the terms of the solicitation agreement, TGM pays the solicitor (i) a monthly retainer and (ii) will pay a percentage of the capital contributed by the investor, subject to certain adjustments set forth in the solicitation agreement.

## **Item 15 Custody**

TGM has custody of assets with respect to accounts of a limited partnership or limited liability company or other pooled investment vehicles. All such entities are audited annually by a PCAOB registered independent public accountant and copies of the audited financial statements are distributed to each Client by TGM on or prior to 120 days after the fiscal year end. The Client should carefully review the statements.

## **Item 16 Investment Discretion**

TGM offers to manage Client accounts on either a discretionary or non-discretionary basis.

Clients may engage TGM to provide discretionary investment advisory services, in which case TGM will acquire and manage assets on the Client's behalf, within the guidelines and limitations set forth in their advisory agreement.

Clients may amend such guidelines and limitations by amending their respective advisory agreements with TGM.

## **Item 17 Voting Client Securities**

TGM does not invest in public securities and thus it does not vote proxies on behalf of its Clients.

## **Item 18 Financial Information**

A balance sheet is not required to be provided because TGM does not require or solicit prepayment of more than \$1,200 in fees per Client more than six months in advance of services rendered.

As an advisory firm that is deemed to have custody of Client assets, the TGM is also required to disclose any financial condition that is reasonable likely to impair TGM's ability to meet its contractual obligations. TGM has no such financial conditions to report.