

BROCHURE OF
GFG Alternative Investment Advisors LLC
A Delaware Limited Liability Company registered with the Securities and Exchange
Commission as an Investment Adviser

One Sound Shore Drive, Suite 104, Greenwich, CT 06830

Telephone: 203-742-1473

Facsimile: 203-493-7668

This Brochure provides information about the qualifications and business practices of GFG Alternative Investment Advisors LLC. If you have any questions about the contents of this Brochure, please contact us at 203-742-1473 or ir@gfgai.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about GFG Alternative Investment Advisors LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as an investment adviser does not imply a certain level of skill or training.

The Date of this Brochure is:

March 10, 2020

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

Material Changes to Brochure

No material changes have occurred since GFG Alternative Investment Advisors LLC's prior Brochure dated February 20, 2019.

TABLE OF CONTENTS

Part 2A – Firm Brochure

Item 1	Cover Page	1
Item 2	Material Changes to Brochure	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	6
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	9
Item 9	Disciplinary Information	16
Item 10	Other Financial Industry Activities and Affiliations	16
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
Item 12	Brokerage Practices	38
Item 13	Review of Accounts	41
Item 14	Client Referrals and Other Compensation	41
Item 15	Custody	42
Item 16	Investment Discretion	42
Item 17	Voting Client Securities – Proxy Policy	42
Item 18	Financial Information	43
Item 19	Requirements for State Registered Advisers	43

Item 4. Advisory Business.

(A) **Description of Our Advisory Firm.** GFG Alternative Investment Advisors LLC (“GFG”, or “us”, “we” or “our”) is a SEC registered investment adviser. As stated on the cover page of this Brochure, registration as an investment adviser does not imply a certain level of skill or training. GFG has been in business since 2010. The principal owners and controlling persons of GFG are Erik Friedman and Brian Robinson (the “Principals”) and Greenwich Finance Group LLC (“Greenwich Finance Group”), a holding company wholly-owned by the Principals. References herein to “GFG” shall be deemed to include GFG’s affiliates, as applicable, unless the context otherwise requires.

(B) **Types of Advisory Services We Offer.**

Advisory Clients. GFG provides investment management services to, and has discretionary investment authority over the assets of private investment funds (the “Funds”). As of December 31, 2019, GFG provided investment management services to one such Fund. Such investment management services are generally referred to herein as “advisory services”. The Funds are private investment vehicles formed to pool the assets of investors (investors in the Funds and in Other Investment Vehicles (as defined below), collectively, the “Investors”) for investment as summarized in Item 8 below and as described in the private placement memorandum of each Fund (each such document for a Fund or Other Investment Vehicle, a “PPM”). GFG distributes the relevant PPM to prospective investors in such Fund together with the limited partnership agreement and subscription documents for such Fund (which, collectively with the PPM, with respect to each GFG Investment Vehicle, is referred to herein as the “Offering Documents” of such vehicle). The Principals of GFG, both directly and indirectly through their ownership in Greenwich Finance Group, are also the principal owners and controlling persons of the general partners of the GFG Investment Vehicles, and thus control the business and affairs of the Funds. GFG’s clients are referred to herein as “Clients”. Currently, the Funds are GFG’s sole Clients.

While the Funds are currently GFG’s sole Clients, in the future GFG may also provide investment advisory services to other investment vehicles, separately managed accounts or other accounts or similar arrangements (collectively, the “Other Investment Vehicles”, and together with the Funds, the “GFG Investment Vehicles”). Specifically, GFG may, in the future, among other things:

- provide investment advisory services to additional private investment funds (“Additional Funds”);
- provide investment advisory services to one or more individual investors through separately managed account arrangements (“Separately Managed Accounts”);
- advise entities that act as feeder vehicles into certain Funds (“GFG Feeder Funds”);

- provide investment advisory services to specially formed investment vehicles through which certain investors may invest in substantially the same portfolio as the Funds in order to meet tax, regulatory or other requirements (“Parallel Investment Vehicles”); and
- form Other Investment Vehicles, Separately Managed Accounts or other accounts or arrangements through which certain persons generally invest alongside one or more Funds (each, a “Co-Investment Vehicle”). In certain cases, Co-Investment Vehicles may pursue investments that are not pursued by Fund.

Nature of Advisory Services. GFG seeks to identify proprietary investment opportunities with superior risk-adjusted returns and participates in the acquisition, management, monitoring and/or disposition of such investments on behalf of the GFG Investment Vehicles. Since inception, we have primarily provided investment advisory services related to investments in assets originated by specialty finance companies (“Specialty Finance Asset Investments”). Such Specialty Finance Asset Investments may be in “whole asset”, “equity” or “debt” form, either directly or indirectly through acquiring interests in special purpose entities which purchase assets or interests in such assets. Although the primary focus of GFG to date has been Specialty Finance Asset Investments, GFG may also from time to time in the future offer advice on other investment types (in each case to the extent consistent with the applicable GFG Investment Vehicle’s investment objectives and strategies (please see Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss, below)).

- (C) **Tailoring of Our Advisory Services.** GFG generally provides investment advisory services to a GFG Investment Vehicle pursuant to a separate investment management agreement (and in the future may include sub-advisory agreements) (each, an “Investment Management Agreement”). Each GFG Investment Vehicle’s Investment Management Agreement sets forth the terms of the investment advisory services GFG provides to the GFG Investment Vehicle. Investment guidelines for each GFG Investment Vehicle, if any, are generally established in its organizational documents or Offering Documents, Investment Management Agreement and/or side letter agreements negotiated with Investors, if applicable (collectively, the “Governing Documents” for such GFG Investment Vehicle). We generally provide investment advice directly to the GFG Investment Vehicles, and not individually to the Investors in the GFG Investment Vehicles.

As more fully described in Item 11 below, GFG and its related entities routinely enter into side letter agreements with certain Investors in the GFG Investment Vehicles providing such Investors with customized terms, which often results in preferential treatment for such Investors.

- (D) **Wrap Fee Programs.** GFG does not participate in wrap fee programs.

- (E) **Amount of Client Assets We Manage.** As of December 31, 2019, we manage \$172,174,257 Client assets on a discretionary basis and no Client assets on a non-discretionary basis.

Item 5. Fees and Compensation.

- (A) **How We are Compensated for Our Advisory Services.** GFG is generally compensated for its advisory services by charging each GFG Investment Vehicle certain fees (the “Fees”), which Fees are set forth in the Investment Management Agreement and/or other Governing Documents of each GFG Investment Vehicle. Such Fees paid by a GFG Fund are generally indirectly borne by its Investors. Fees are generally of two types: (1) a management fee, generally calculated as an annual percentage of the applicable fee base described in the Governing Documents of such GFG Investment Vehicle, is deducted from the GFG Investment Vehicle’s assets and is generally payable quarterly in advance; and (2) a portion of each GFG Investment Vehicle’s investment profit is allocated and distributed to its general partner, which is affiliated with GFG, as carried interest, in accordance with the distribution provisions of the Governing Documents of the relevant GFG Investment Vehicle.

GFG establishes and negotiates with Investors in the applicable GFG Investment Vehicle the precise amount of, and the manner and calculation of, Fees with respect to such GFG Investment Vehicle. GFG has the authority to enter into side letter agreements with individual Investors that modify the Fees payable by such Investors from the standard fees described in the Offering Documents. Certain Investors in a GFG Investment Vehicle, including, for example, a GFG Investment Vehicle’s general partner, its affiliates and certain “friends and family” Investors pay reduced or no Fees, at the discretion of GFG or the GFG Investment Vehicle’s general partner, as the case may be.

- (B) **How We Collect Our Fees.** With respect to Funds, GFG generally deducts management fees from each Fund’s assets and debits such amounts from the applicable Investors’ capital accounts in such Fund. Such Fees are generally collected on a quarterly basis in advance, as more specifically described in the relevant Fund’s Governing Documents. Carried interest is distributed in accordance with the distribution provisions of Fund’s Governing Documents. Regarding Other Investment Vehicles, Fees are collected in accordance with the Governing Documents thereof.
- (C) **Other Fees or Expenses Charged to Clients.** Each GFG Investment Vehicle is generally required to pay for all expenses of such GFG Investment Vehicle (“Vehicle Expenses”) other than Investment Manager Expenses (as defined below), and to the extent such Vehicle Expenses are incurred by GFG or a general partner of a GFG Investment Vehicle on behalf of such vehicle, GFG or the general partner, as the case may be, are required to be promptly reimbursed by the GFG Investment Vehicle for any such expenses incurred. Vehicle expenses shall generally include, without limitation and to the extent provided by the particular GFG Investment Vehicle’s Governing Documents:

- all organizational expenses of such GFG Investment Vehicle;
- all expenses incurred in connection with the ongoing offer and sale of interests in the GFG Investment Vehicle, such as printing of any offering disclosure materials and any revisions, amendments or supplements;
- all out-of-pocket costs of the administration of the GFG Investment Vehicle, such as accounting, audit, legal, administrator and consulting fees and expenses, costs of holding any meetings of Investors, costs of any litigation, director and officer liability or other insurance, expenses associated with reporting and providing information to existing and prospective Investors, and expenses associated with the maintenance of books and records of the vehicle and the preparation and dispatch to the Investors of distributions, financial and tax reports, portfolio valuations, tax returns and required notices;
- all general operating expenses of the GFG Investment Vehicle, such as expenses and fees incurred in connection with the registration, qualification or exemption of the vehicle under any applicable laws and the maintenance thereof, expenses incurred in connection with the preparation of, and alterations and amendments to, the organizational documents of such vehicle, all taxes, fees or other governmental charges levied against vehicle, expenses incurred in connection with any tax audit, investigation, settlement or review of the vehicle, all principal, interest, fees, expenses and other amounts payable in respect of or in connection with borrowings or other financings by the vehicle, all unreimbursed expenses incurred in connection with the collection of amounts due to the vehicle from any person, expenses incurred in connection with any litigation involving the vehicle (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith, and any liabilities for indemnity or contribution to any person;
- all out-of-pocket costs and expenses directly related to investments of the GFG Investment Vehicle (including expenses incurred prior to the initial closing date of such vehicle in relation to investments actually made) or proposed investments that are not consummated, such as legal, accounting, consultant and other professional costs and expenses, travel costs, brokerage commissions and other finders fees and transaction costs, custodial fees and costs of other third-party services, lien search reports, legal and other due diligence reports; costs and expenses associated with monitoring and administration of the investments; expenses associated with financing, refinancing, pledging or disposing of, or proposed financing, refinancing, pledging or disposing of, all or any portion of an investment; expenses related to structuring investment vehicles; and any withholding, transfer or other taxes imposed on the vehicle;
- any third party placement agent fees (to the extent not otherwise paid by GFG or the general partner of such GFG Investment Vehicle); and

- all expenses incurred in connection with the dissolution and liquidation of the GFG Investment Vehicle.

GFG or the general partner of the GFG Investment Vehicle shall generally be responsible for and shall pay all Investment Manager Expenses. As used herein, the term “Investment Manager Expenses” shall mean all routine expenses of GFG and the general partner associated with providing management and investment management services to the GFG Investment Vehicle, including any compensation and employee benefit expenses of personnel of GFG and the general partner of the GFG Investment Vehicle, rent and other office charges, and other general overhead of the GFG and the general partner of the GFG Investment Vehicle.

Some expenses are incurred on an aggregate basis for the benefit of multiple GFG Clients. We allocate the aggregate costs of these items across the applicable Clients in a manner we determine to be reasonable and fair to all parties, including allocating costs on a pro-rata basis in accordance with committed capital or another metric that is equitable under the circumstances. See Item 11 for more information.

Any fees we receive with respect to a Co-Investment Vehicle will generally be negotiated on a vehicle-by-vehicle basis, and will generally include asset-based fees and expense reimbursements, reimbursements for specialized operational services and/or non-advisory administrative fees similar to those described above for the Funds.

In certain cases, a Co-Investment Vehicle or individual co-investors will evaluate a potential investment alongside a GFG Investment Vehicle. Investors in the Co-Investment Vehicle typically bear all expenses related to the vehicle’s formation and operation, and the vehicle generally bears its pro rata portion of expenses incurred in the making of an investment. However, if the potential investment is not consummated, the full amount of any expenses relating to the potential but not consummated investment will typically be borne entirely by the GFG Investment Vehicle or GFG Investment Vehicles we select as proposed investors for such investment, rather than the Co-Investment Vehicle or other co-investors.

- (D) **Fees Paid in Advance.** GFG generally collects management fees with respect to each GFG Investment Vehicle on quarterly basis in advance. The amount of such management fees is prorated for periods of less than a full billing cycle at the beginning or end of our provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of our investment advisory services. The Investment Management Agreements of the GFG Investment Vehicles generally impose some restrictions on such GFG Investment Vehicle’s ability to terminate the Investment Management Agreement. The specific restrictions vary depending on the nature of such GFG Investment Vehicle.

- (E) **Compensation for the Sale of Securities or Other Investment Products.** Neither GFG nor any of its supervised persons¹ accepts compensation for the sale of securities or other investment products.

Item 6. Performance Based Fees and Side-by-Side Management.

As described in Item 5.A above, the GFG Investment Vehicles generally allocate a portion of their investment profits to their general partners, which are affiliated with GFG, as a carried interest, as set forth in each GFG Investment Vehicle's Governing Documents. Such general partners' entitlement to performance-based distributions creates an incentive for GFG to take risks in managing the GFG Investment Vehicles that GFG would not otherwise take in the absence of such arrangements. As set forth each GFG Investment Vehicle's Governing Documents, GFG may reduce or eliminate the allocation of carried interest with respect to certain investors in GFG Investment Vehicles, including, for example, the GFG Investment Vehicle's general partner, its affiliates and certain "friends and family" Investors.

Additionally, the allocation of carried interests at different rates, or subject to different hurdle rates, creates an incentive for GFG or its affiliates to disproportionately allocate time, services or functions to vehicles allocating carried interests at a higher rate (or subject to a lower hurdle or preferred return rate), or to allocate investment opportunities to such vehicles. GFG has adopted policies and procedures that, among other things, seek to allocate investment opportunities in a manner that we believe is consistent with the relevant Governing Documents and otherwise fair and reasonable under the circumstances, considering such factors as we deem relevant, but in our sole discretion. See Item 11 below for additional information relating to how we generally address conflicts of interest.

Item 7. Types of Clients.

As described in Item 4.B above, GFG's current Clients consist solely of the Funds, which are private investment vehicles formed to pool the assets of Investors for investment as described in the Offering Documents of each such Fund. Investors in funds managed by GFG have included high net-worth individuals, trusts, an endowment, insurance companies, corporations, partnerships, limited liability companies, and other sophisticated investors, all of which must meet the Fund's minimum suitability standards. The requirements for investing in the GFG Investment Vehicles, including minimum investment amounts (which GFG has the authority to waive), are set forth in each GFG Investment Vehicle's Governing Documents.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.

¹ GFG's "supervised persons" consist of its officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on its behalf and is subject to its supervision or control.

(A) **Investment Strategies**

As an investment adviser, GFG seeks to identify proprietary investment opportunities with superior risk-adjusted returns and participates in the acquisition, management, monitoring and disposition of such investments on behalf of GFG Investment Vehicles.

Specialty Finance Asset Investments

Since inception, GFG has primarily provided investment advisory services related to investments in financial assets originated by non-bank financial service companies commonly known as specialty finance companies (“Originators”). We refer to such investments herein as Specialty Finance Asset Investments. Specialty Finance Asset Investments may be in “whole asset”, “equity or “debt” form, either directly or indirectly through acquiring interests in special purpose entities which purchase assets or interests in such assets.

GFG seeks to make Specialty Finance Asset Investments that GFG believes have favorable expected return characteristics relative to the expected risks of such investments. Examples of investment characteristics and situations which GFG believes may give rise to successful Specialty Finance Asset Investments include:

- assets with risk or return characteristics that GFG believes are misunderstood or mispriced by other industry participants;
- assets requiring specialized origination or underwriting capabilities that are not currently readily available in the marketplace;
- opportunities to partner with Originators who seek committed financing sources or financing partners for new business lines;
- niche market segments with small perceived addressable market sizes which may serve to discourage market entry by potential new competitors;
- market segments currently underserved by bank lending or other debt financing alternatives; or
- asset sales by distressed sellers or during a capital markets dislocation.

GFG generally sources Specialty Finance Asset Investments through relationships with Originators that specialize in origination of such assets. Prior to making each Specialty Finance Asset Investment, GFG conducts due diligence reviews of such investment which generally include:

- review of the applicable Originator’s business model, historical asset performance, origination processes and procedures and operational infrastructure;

- receivable file documentation review for such purchased asset;
- obligor credit risk evaluation;
- evaluation of any asset-specific risk (such as mortality or litigation risk); and
- industry regulatory review.

GFG may employ debt or other similar financing to seek to enhance the risk/return of investments. GFG may also utilize derivative instruments, such as swaps or options, to seek to hedge risks on purchased assets or create alternative investment exposures with favorable expected risk/return characteristics.

The investment strategy of each GFG Investment Vehicle is (or will be) described more fully in the Governing Documents of such GFG Investment Vehicle.

Investing in assets of the types invested in by the GFG Investment Vehicles involves significant risks, including the risk that an Investor could lose some or all of any invested capital.

(B) Risks Attendant to Our Investment Strategies Generally.

Dependence Upon the General Partner, GFG and the Investment Team. The success of each GFG Investment Vehicle depends, among other things, on the management of GFG and such vehicle's general partner, an affiliate of GFG. If any one or more members of the GFG's investment team should cease to participate in the management of a GFG Investment Vehicle, the vehicle's ability to select attractive investments and manage its portfolio could be severely impaired.

Nature of Investment; Illiquidity of Interests. An investment in a GFG Investment Vehicle generally requires a long-term commitment and there is no certainty of a return on your investment or even a return of any of your invested capital. An interest in such GFG Investment Vehicle represents a highly illiquid investment and should only be acquired by an investor able to commit its funds for the period of time equal to the term of such GFG Investment Vehicle. The GFG Investment Vehicle's investment portfolios will generally consist primarily of illiquid investments for which there is no readily available secondary markets. The holding period for such investments may therefore be long and valuations may be difficult to determine. Because GFG Investment Vehicles will generally make concentrated investments in relatively small groups of specialty finance assets, and the GFG Investment Vehicles' investments generally may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the GFG Investment Vehicle. There can be no assurance that the GFG Investment Vehicle will achieve its investment objectives or that investors will receive a return of any of their capital.

Concentration of Investments. The investment strategies of the GFG Investment Vehicles generally contemplate focused investment portfolios which, in light of investment considerations, market risks and other factors, GFG believes will provide the an opportunity for attractive risk-adjusted returns in the value of the GFG Investment Vehicle's assets. The investment portfolios will generally have limited industry diversification and will be subject to shifts in the market for the underlying asset class. The concentration of a GFG Investment Vehicle's portfolio in any manner described above would subject such vehicle to a greater degree of risk with respect to the failure of its investments.

Development and Risks of GFG's Investment Strategy. The development of an investment strategy is a continuous process and the investment strategy of GFG Investment Vehicles and methods may therefore be modified from time to time. The investment methods of the GFG Investment Vehicles are confidential and the descriptions of them in the respective Governing Documents are not exhaustive. Investment decisions require the exercise of judgment by GFG. GFG may, at times, decide not to make certain investments, thereby foregoing participation in price movements that may have yielded profits or avoided losses. Investors in GFG Investment Vehicles cannot be assured that the strategies or methods utilized by GFG will result in profitable investments for the GFG Investment Vehicles. The GFG Investment Vehicles' investment programs entail substantial risks and there can be no assurance that their respective investment objectives will be achieved. The practices of leveraging and other investment techniques which may be employed by the GFG Investment Vehicles, in certain circumstances, maximize the adverse impact to which the vehicle's investment portfolio may be subject.

Investor Defaults. An Investor in a GFG Investment Vehicle that defaults in any required payment in respect of its commitment to a GFG Investment Vehicle may incur significant economic losses as a result of its default. A defaulting Investor may generally be subject to a material reduction in its capital account as well as certain other adverse consequences set forth in the Governing Documents of such vehicle. Furthermore, if contributions from non-defaulting Investors are inadequate to cover the defaulted contribution, a GFG Investment Vehicle may not be able to meet its obligations to make investments that it has agreed to make which could subject the GFG Investment Vehicle to loss.

Increased Competition. GFG, on behalf of the GFG Investment Vehicles, will generally be investing and trading in an industry that is highly competitive and in which the number of sophisticated market participants continues to increase with time. Furthermore, many participants may have greater negotiating ability in the marketplace. As the number and relative ability of competition increases, investment profitability can be expected to decrease.

Possibility of Fraud, Misappropriation or other Misconduct of Employees and Service Providers. Misconduct by employees of GFG and/or the general partner of a GFG Investment Vehicle, as well as by service providers or trading counterparties to such GFG

Investment Vehicle, including Originators, could cause significant losses to such GFG Investment Vehicle. Employee misconduct may include binding the vehicle to transactions that exceed authorized limits or present unacceptable risks or unauthorized activities (which, in either case, may result in unknown and unmanaged risks or losses) and fraud. These losses could also result from actions by service providers. In addition, employees and service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the vehicle's business prospects or future marketing activities. No assurances can be given that GFG or the general partner of a GFG Investment Vehicle will be able to identify, prevent or mitigate any such misconduct.

Changes to Regulatory and Legal Requirements and Programs. The GFG Investment Vehicles must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the vehicles, the legal requirements to which the vehicles and the Investors in such vehicles may be subject could differ materially from current requirements. Additionally, changes in laws or legal interpretations regarding investment in assets of the types in which a GFG Investment Vehicle invests could reduce or limit opportunities for the GFG Investment Vehicle to make investments as envisaged or could result in the diminution or elimination of the value of investments already made by the GFG Investment Vehicle in such jurisdictions.

Borrowing by Funds; Use of Leverage. When deemed appropriate by GFG and subject to the vehicle's Governing Documents and applicable regulations, GFG Investment Vehicles may incur leverage by borrowing money from banks or other institutions. Such leverage will create similar risks to those attendant to purchasing securities on margin, including, without limitation, greater potential loss of capital. A GFG Investment Vehicle may be required to provide collateral to the entity from which it borrows by registering or pledging the interests or assets of the vehicle in the names of such entities or their nominees. This procedure exposes the vehicle to the risk that for whatever reason, including, without limitation, the default, insolvency, negligence, misconduct or fraud of such banks, the vehicle will not reacquire the ownership of such interests upon the repayment by the GFG Investment Vehicle of such loans. Also, a GFG Investment Vehicle will be unable to reacquire such interests if such vehicle defaults on such loans. A GFG Investment Vehicle's failure or inability to reacquire such interests from the banks in whose name the interests are registered in support of a loan could entangle the GFG Investment Vehicle in protracted litigation and, potentially, result in the complete loss of such interests. While GFG expects GFG Investment Vehicles to borrow money only from banks or other institutions GFG believes to be creditworthy, there can be no absolute certainty that such institutions will return such interests to the GFG Investment Vehicle upon the repayment of such loans. If the amount of leverage which a GFG Investment Vehicle may have outstanding at any one time is large in relation to its capital, fluctuations in the performance of the vehicle's portfolio will have disproportionately large effects in relation to the vehicle's capital and the possibilities for profit and the risk of loss will therefore be increased. Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility

of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Hedging Transactions; Swaps. Investments in financial instruments such as interest rate swaps may be utilized by GFG Investment Vehicles to hedge against fluctuations in the relative values of their investments as a result of changes in interest rates. Any hedging against a decline in the value of investments does not eliminate fluctuations in the values of investments or prevent losses if the values thereof decline, but makes investments intended to gain from those same developments, thus moderating the decline in the investments' value. Such hedging transactions also limit the opportunity for gain if the value of the investments should increase. Moreover, it may not be possible for a GFG Investment Vehicle to hedge against a fluctuation at a price sufficient to protect such vehicle's assets from the decline in value of the investments anticipated as a result of such fluctuations. GFG is not obligated to establish hedges and may not do so. To the extent that hedges are implemented, their success is dependent on GFG's ability to correctly predict movements in the direction of interest rates. Additionally, investments in swaps involve the exchange by a GFG Investment Vehicle with another party of their respective commitments. Use of swaps subjects a GFG Investment Vehicle to risk of default by the counterparty.

Tax Risk. The tax aspects of an investment in a GFG Investment Vehicle are complicated and each Investor should have them reviewed by professional advisors familiar with such Investor's personal tax situation and with the tax laws and regulations applicable to the Investor and private investment vehicles. Each GFG Investment Vehicle is not intended and should not be expected to provide any tax shelter, but some or all such vehicles are or will be organized as a limited partnership to avoid corporate taxation and to permit any distributions it might make to be made without being taxed as dividends. You should review the Governing Documents of the GFG Investment Vehicle for a more complete discussion of certain of the tax risks inherent in the acquisition of interests in such vehicle.

(C) **Certain Risks Attendant to Our Investment Strategies with respect to Specialty Finance Asset Investments.**

Credit Risk. If an obligor with respect to a Specialty Finance Asset Investment held by a GFG Investment Vehicle becomes insolvent or defaults, the timing and amount of payments to be received by the GFG Investment Vehicle holding such investment, and the value of such investment itself, could be materially and adversely affected. The credit or financial strength rating of an obligor is not a guarantee that such entity will not, in the future, become insolvent or default on its obligation to timely pay its obligations.

Interest Rate Risk. Specialty Finance Asset Investments held by GFG Investment Vehicles are subject to interest rate risk. Generally, the value of fixed rate financial assets will change inversely with changes in interest rates. Accordingly, as interest rates rise,

the market value of fixed rate Specialty Finance Asset Investments held by the GFG Investment Vehicles tends to decrease.

Accuracy and Availability of Information; Fraud. When making Specialty Finance Asset Investments, the GFG Investment Vehicles purchase such investments based in part on the representations made by the Originators from which the GFG Investment Vehicles intend to acquire such investments and on reports provided by third party service providers. The inaccuracy of such information can cause the value of the investments that a GFG Investment Vehicle acquires to be substantially less than GFG anticipated or even worthless. Additionally, an individual obligor with respect to a specialty finance receivable may misrepresent the material facts, fail to disclose all beneficiaries, fail to disclose liens, and/or sell the same receivable to more than one purchaser. If an investment is subject to such fraudulent acts, the investment could incur a partial, or total, loss of principal.

The Originators of the Specialty Finance Asset Investments that comprise the portfolios which the GFG Investment Vehicles purchase underwrite such assets, in part, on the basis of information and data made available to them by their customers or other third parties. Although the Originators evaluate such information and data and sometimes seek independent corroboration when appropriate and reasonably available, the Originators are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Accordingly, there is a risk of fraud by a counterparty in a secondary market transaction or by an intermediary in a primary market transaction. Among other types of fraud that may exist, a vendor or intermediary may falsify documents, withhold or misrepresent the chain of title to an asset and/or otherwise misrepresent facts material to an asset. If an investment is subject to such fraud, the investment could incur a partial, or total, loss of principal.

Risks Associated with the Evaluation of Specialty Finance Asset Investments with Mortality or Longevity Risk. Any profitable return generated on an investment with cash flows contingent upon the mortality or longevity of one more individuals will be largely dependent on the ability and expertise of GFG to correctly forecast the mortality profile of such individuals. If GFG misjudges the longevity of such individuals, the GFG Investment Vehicle folding such investment could incur a loss on the investment. The estimation of life expectancies is inherently inexact and imprecise. Past mortality experience is not an accurate indicator of future mortality rates, and it is possible for individuals to experience higher or lower mortality rates in the future than those historically experienced by other persons having similar traits. Although GFG may retain a third party underwriter to assist with the evaluation of the mortality profile of individuals, any life expectancy assessment is ultimately a subjective process that is based upon informed judgment and not a guaranteed calculation. Inaccurate forecasting of an individual's mortality profile could result from, among other things: inaccurate identification of any medical impairments; inaccurate or incomplete mortality underwriting information provided by such individuals or Originators; errors in reports provided by third-party suppliers; fraud and/or misrepresentation by an individual; and/or

a change to an individual's lifestyle or his or her ability to fight disease, resulting in impaired health and longevity outlook.

Risks Associated with the Evaluation of Specialty Finance Asset Investments Associated with Litigation Fundings. The profitability of an investment that funds litigants or litigation depends, among other things, upon the successful assessment of the outcome of pending or threatened litigation. Litigation entails a great degree of uncertainty. Such uncertainties include the assessment of the credibility of witnesses, the trier of fact's perception of counsel, the assessment of fault, causation and liability, the legal nature of the claim and the amount and proof of damages. Litigation may result in judgments or settlements for amounts lower than predicted or failures to reach settlements. It is also possible that a claimant may die or abandon his or her case, or that the defendant, the defendant's insurance carrier or other obligor may declare bankruptcy or otherwise default; any or all of which may prevent a GFG Investment Vehicle from realizing a return on investment or cause a GFG Investment Vehicle to sustain complete losses on individual investments. Although GFG seeks to weigh such uncertainties when it makes investment decisions and to reduce risk through a broad diversification of cases, there can be no assurances that the outcome of any individual litigated claim can be accurately predicted, and any such unfavorable outcomes could reduce the profitability of the investments owned by a GFG Investment Vehicle.

Item 9. Disciplinary Information.

Neither GFG nor any of its supervised persons has been involved in any legal or disciplinary events that are material to an Investor's/Client's or prospective Investor's/Client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations.

- (A) **Broker-Dealer Registration.** Neither GFG nor any of its management persons² are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- (B) **FCM, CPO, CTA or Associated Person Registration.** Neither GFG nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- (C) **Certain Relationships or Arrangements that are Material to Our Advisory Business.** Various entities serve as general partners of the GFG Investment Vehicles, and are our related persons. For a description of material conflicts of interest created by the

² GFG's "management persons" consist of anyone with the power to exercise, directly or indirectly, a controlling influence over GFG's management or policies, or to determine the general investment advice given to GFG's Clients.

relationship among us and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

- (D) **Recommendation or Selection of Other Investment Advisors.** GFG does not recommend or select other investment advisers for its Clients.

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

- (A) **Code of Ethics.** In recognition of GFG’s fiduciary obligations to its Clients/Investors and GFG’s desire to maintain its own ethical standards, GFG has adopted a code of ethics (“Code of Ethics”) containing provisions designed to: (i) comply with applicable laws and regulations; (ii) identify conflicts of interest; (iii) observe fiduciary duties and provide a means to resolve any actual or potential conflict in favor of the Client/Investor; and (iv) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by GFG’s Chief Compliance Officer and that personnel who violate the Code of Ethics are subject to sanctions by GFG.

GFG will provide a copy of the Code of Ethics to Clients/Investors and prospective Clients/Investors upon request.

- (B) **Recommendation of Investments in Which We Have a Financial Interest.** Please see “Conflicts of Interest” below for information regarding circumstances in which GFG or any of its related persons³ recommends to Clients, or buys or sells for Client accounts, investments in which GFG or any of its related persons has a material financial interest.
- (C) **Investment in the Same Investments That We Recommend to Clients.** Please see “Conflicts of Interest” below for information regarding circumstances in which GFG or any of its related persons invests in the same investments that GFG or any of its related persons recommends to clients.
- (D) **Recommendation of Investments at the Same Time We Transact in the Same Investments for Our Own Account.** Please see “Conflicts of Interest” below for information regarding circumstances in which GFG or any of its related persons recommends investments to Clients, or buys or sells investments for Client accounts, at or about the same time that GFG or any of its related persons buys or sells the same investments for GFG’s own (or a related person’s own) account.

Conflicts of Interest

³ GFG’s “related persons” consist of GFG’s “advisory affiliates” and any person that is under common control with GFG. GFG’s “advisory affiliates” are (1) all of its officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by GFG; and (3) all of GFG’s current employees (other than employees performing only clerical, administrative, support or similar functions).

As discussed further below, GFG and its related entities engage in a broad range of activities, including investment activities for its own account and the provision of investment advisory and other related services to GFG Investment Vehicles. In the ordinary course of conducting its activities, the interests of a GFG Investment Vehicle will from time to time conflict with the interests of:

- GFG;
- other GFG Investment Vehicles; and
- any affiliates of the foregoing.

Certain of these conflicts of interest, as well as a description of how we address them, are described below.

Resolution of Conflicts

GFG will deal with all conflicts of interest using our best judgment, but in our sole discretion. When conflicts arise between a GFG Investment Vehicle and another GFG Investment Vehicle, we will resolve the conflict. In resolving conflicts, we will consider various factors, including the interests of each such GFG Investment Vehicle, in the context of both the immediate issue at hand and the longer term course of dealing among such GFG Investment Vehicles. In the case of all conflicts involving a GFG Investment Vehicle, our determination as to which factors are relevant, and the resolution of such conflicts, will be made in our sole discretion.

The following may help mitigate potential or actual conflicts of interest:

- a GFG Investment Vehicle will not make any investment unless we and the vehicle's general partner believe that such investment is an appropriate investment considered solely from the viewpoint of such GFG Investment Vehicle;
- many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant Governing Documents for the GFG Investment Vehicles;
- with respect GFG Investment Vehicles with advisory committees, the advisory committees, whose members are not affiliated with the general partner of the GFG Investment Vehicle, may play an important role in resolving conflicts of interest by, for example, overseeing certain activities that could give rise to conflicts of interest or approving or disapproving decisions that involve certain conflicts of interest referred to it by the GFG Investment Vehicle's general partner in accordance with the relevant Governing Documents;

- when we deem it appropriate in our sole discretion, unaffiliated third-party service providers will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third-party investor to make an investment on the same or similar terms as a GFG Investment Vehicle may demonstrate the fairness of the transaction to such GFG Investment Vehicle; and
- prior to subscribing for interests in a GFG Investment Vehicle, GFG intends to provide each Investor with information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Potential Conflicts of Interest

The material conflicts of interest that a GFG Investment Vehicle encounters include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a GFG Investment Vehicle potentially faces. Other conflicts are disclosed throughout this brochure, which should be read in its entirety.

Principal Transactions

Section 206 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. The Advisers Act generally requires that, when an investment adviser or an affiliate of the adviser proposes to purchase a security from, or to sell a security to, an advisory client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction.

In connection with advising the GFG Investment Vehicles, we and the GFG Investment Vehicles may, in certain limited circumstances, engage in principal transactions.

For example, from time to time, our affiliates, who control, are controlled by or are under common control with us, may provide seed capital to a new GFG Investment Vehicle. In doing so, we or our affiliates may purchase assets that are later transferred into the GFG Investment Vehicle in exchange for a percentage ownership in such GFG Investment Vehicle. Alternatively, from time to time, our affiliates may provide debt financing (commonly known as “warehouse financing”) to a GFG Investment Vehicle to allow the vehicle to acquire assets while GFG is raising external investor capital for such GFG Investment Vehicle, which financing will be repaid upon the successful completion of capital raising for such vehicle. We review all such transactions with outside counsel to ensure that we comply with the requirements of Section 206(3) of the Advisers Act in respect of principal transactions.

We have established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the GFG Investment Vehicle and/or its Investors regarding any

proposed principal transactions, if required by the Advisers Act or applicable law, and the GFG Investment Vehicle's and/or the Investors' prior consent to the transaction be received. In addition, the Governing Documents relating to the GFG Investment Vehicle typically contain additional restrictions on our ability or that of the GFG Investment Vehicle to engage in principal transactions and disclosures regarding principal transactions that are likely to arise in the operations of GFG Investment Vehicle.

Third-Party Placement Agents

We from time to time enter into arrangements with third party broker-dealers to raise Investor capital for a GFG Investment Vehicle. Such selling agents typically receive a portion of GFG's management fee and carried interest with respect to the Investors they bring to the respective GFG Investment Vehicle. We generally bear such fees instead of the GFG Investment Vehicle. Basing the selling agent's compensation on an Investor's decision to invest creates a conflict of interest by incentivizing the selling agent to attract investors to a GFG Investment Vehicle when it may not be in the investors' best interests to subscribe.

Allocation of Investment Opportunities

We and our related entities engage in a broad range of activities, including investment activities for our own account and for the account of GFG Investment Vehicles and the provision of investment advisory and other services to GFG Investment Vehicles. In connection with these activities, investment opportunities will arise that fall within the investment objectives or strategies of two or more GFG Investment Vehicles and/or GFG and its affiliates. We therefore expect to encounter situations in which we must determine how to allocate investment opportunities among various GFG Investment Vehicles and other persons, which typically include the following:

- GFG and its affiliates;
- the Funds;
- any Additional Funds;
- any Separately Managed Accounts;
- any Parallel Investment Vehicles;
- any Co-Investment Vehicles formed to invest side-by-side with one or more GFG Investment Vehicles in particular transactions entered into by such GFG Investment Vehicles or for the purpose of pursuing a specific investment strategy. The investors in such Co-Investment Vehicles typically include individuals and entities that are also investors in one or more GFG Investment Vehicles (which we refer to collectively as "GFG Investors") and/or individuals

and entities that are not investors in any GFG Investment Vehicles (which we refer to collectively as “Third Parties”);

- GFG Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more GFG Investment Vehicles in particular transactions entered into by such GFG Investment Vehicles; and
- GFG Investors and/or Third Parties acting as “co-sponsors” with us with respect to a particular transaction.

For each such GFG Investment Vehicle or other person discussed above, subject to applicable legal, contractual or similar restrictions, we generally decide, in our sole discretion, whether we or a related person will charge any fees or receive any performance-based compensation or allocations in connection with such investment opportunities.

The GFG Investment Vehicles may be subject to investment allocation requirements, such as obligation to offer provisions, which we refer to collectively as the “Investment Allocation Requirements.” Such Investment Allocation Requirements will generally be set forth in the Governing Documents of the GFG Investment Vehicles. To the extent the Investment Allocation Requirements of a GFG Investment Vehicles either do not include specific allocation procedures or allow our discretion in making allocation decisions among the GFG Investment Vehicles, we generally will follow the process set forth below.

To address situations when the investment interests of multiple GFG Investment Vehicles overlap, we first determine whether the Investment Allocation Requirements compel us to offer an investment opportunity to a specific GFG Investment Vehicle. This will often result in a single GFG Investment Vehicle being the obvious allocation choice. However, in some circumstances the Investment Allocation Requirements will not result in a dispositive decision. In these cases, we will generally assess whether an investment opportunity is appropriate for a particular GFG Investment Vehicle’s investment objectives, strategies and structure, as reflected in its Governing Documents.

Once the GFG Investment Vehicles that may participate in an investment opportunity have been identified, GFG, in its discretion, allocates the investment opportunity in accordance with its allocation principles. These principles reflect considerations that it determines in good faith to be fair and reasonable, such as:

- the investment focus and objectives of the relevant GFG Investment Vehicle;
- the GFG professionals who are expected to oversee and monitor the investment;

- the expected amount of capital required to make the investment as well as the relevant GFG Investment Vehicle’s current and projected capacity for investing (including for any potential follow-on investments);
- the relevant GFG Investment Vehicle’s targeted rate of return and investment holding period;
- the specific investment characteristics of the investment opportunity;
- the existing portfolio of investments of the relevant GFG Investment Vehicle;
- the investment opportunity’s risk profile;
- the expected life cycle of the relevant GFG Investment Vehicle;
- any investment targets or restrictions (e.g., asset type, obligor concentrations, etc.) for the relevant GFG Investment Vehicle;
- the ability of the relevant GFG Investment Vehicle to accommodate structural, timing and other aspects of the investment process; and
- legal, tax, contractual, regulatory or other considerations that we deem relevant.

The relevance of each of these criteria will vary from investment opportunity to investment opportunity, with no single factor consistently outweighing the others. In areas where the investment objectives of GFG Investment Vehicles regularly overlap, while we seek to be consistent with prior decisions, the facts and circumstances of each allocation decision may nonetheless cause different results.

The application of our allocation principles is a fact-intensive exercise. While we base our allocation decisions on the information available to us at the time, this information may prove, in retrospect, to be incomplete or otherwise flawed. Furthermore, the weight we ascribe to certain considerations will evolve over time in response to, among other things, changes in market conditions, the competition we face for investments, and the mix of opportunities available to the GFG Investment Vehicles.

Expenses incurred in connection with transactions that are consummated are allocated among the relevant GFG Investment Vehicles in accordance with the overall allocation decision. For a discussion of expense allocation for deals that are not consummated, please see “Allocation of Fees and Expenses for Broken Deals” below.

In making an allocation decision, additional conflicts of interest will arise. Specifically, because the GFG Investment Vehicles have different fee, expense and compensation structures, we have an incentive to allocate an investment opportunity to the GFG Investment Vehicle that would generate a higher fee, more compensation, a better return

or more expense reimbursements. In addition, our professionals will generally participate indirectly in investments made by a GFG Investment Vehicle in which they invest, pro-rata, in accordance with their respective capital accounts. We expect, however, that our procedures and principles described above under “Resolution of Conflicts” will help mitigate the risk that these incentives improperly influence our allocation decisions.

Allocation of Co-Investment Opportunities

From time to time, we will have the option to offer one or more GFG Investors, Co-Investment Vehicles or Third Parties the opportunity to invest alongside a GFG Investment Vehicle, or “co-invest.” This situation generally arises when the amount of equity capital necessary to complete a transaction exceeds the amount we determine is appropriate for the GFG Investment Vehicle, after taking into account additional capital to be contributed by other GFG Investment Vehicles and any co-underwriters and co-sponsors (including other third-party managed pooled investment vehicles in which we or GFG personnel may hold an interest), as well as other parties or consultants that assisted in sourcing or completing the transaction or provide other strategic value. Depending on a GFG Investment Vehicle’s Governing Documents, we may sometimes also have the obligation to systematically offer co-investment opportunities (allowing, for instance, the investor to co-invest in an aggregate fixed dollar amount over the life of the GFG Investment Vehicle or in each GFG Investment Vehicle investment of a certain size or that has certain other characteristics). We will offer co-investments pursuant to the procedures included in such GFG Investment Vehicle’s Governing Documents and as described in the following paragraphs.

Subject to any restrictions contained in the Governing Documents of the relevant GFG Investment Vehicle or other terms negotiated with respect to such GFG Investment Vehicle, in general, we have complete discretion to determine to whom we will offer and award co-investment opportunities. In particular:

- we intend to give co-investment opportunities to Investors, GFG personnel, Co-Investment Vehicles, consultants, advisors, strategic partners or other Third Parties;
- we are under no obligation to offer to Investors any co-investment opportunities;
- we are permitted to offer co-investment opportunities to some Investors but not all of them;
- allocations of co-investment opportunities between Investors generally will not correspond to their pro rata interests in the relevant GFG Investment Vehicles; and
- non-binding acknowledgements of interest in co-investment opportunities do not constitute Investment Allocation Requirements, and do not require us to notify the recipients of such acknowledgements if there is a co-investment opportunity.

While the criteria we use in making discretionary co-investment decisions vary from opportunity to opportunity, the most important factors are:

- certainty of funding—that is, whether the potential co-investor has the financial resources to provide the requisite capital in a timely fashion;
- certainty of execution—that is, the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-investment opportunity;
- the size of the potential co-investor’s commitment to GFG Investment Vehicles and the anticipated importance of the potential co-investor;
- the ability of the potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills or insight; and
- the overall strategic benefit of offering a co-investment opportunity to the potential co-investor.

Other criteria that will from time to time be relevant include:

- the expertise of the potential co-investor with respect to the type of investment;
- the investment objectives and existing portfolio of the potential co-investor;
- the legal or regulatory constraints to which the proposed investment is expected to give rise;
- the reporting, public relations, competitive, confidentiality or other issues that may also arise as a result of the co-investment; and
- any other facts or circumstances that we deem appropriate or relevant.

We expect that these factors will lead us to favor some Investors and other potential co-investors over others with respect to the frequency with which we offer them co-investment opportunities.

Our exercise of our discretion in allocating investment opportunities among potential co-investors and in the manner discussed above may not, and often will not, result in proportional allocations among such co-investors, and such allocations will likely be more or less advantageous to some relative to others. In addition, co-investments will not necessarily be made on the same terms as the GFG Investment Vehicle’s investment. For example, co-investors may either purchase their interests in the investment at the same

time as the GFG Investment Vehicle or purchase their interests from the applicable GFG Investment Vehicle after such GFG Investment Vehicles have consummated the full investment. Co-investors also typically pay no advisory fees or carried interest in connection with the co-investment, or pay them at a lower rate than the GFG Investment Vehicle which they are co-investing. Moreover, GFG Investors and other Third Parties approached as potential co-investors generally do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which the GFG Investment Vehicle is throughout the investment process.

In the event that we determine to offer an investment opportunity to co-investors, there can be no assurance that we will be successful in offering the co-investment opportunity to a potential co-investor in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for a GFG Investment Vehicle, or that expenses incurred by a GFG Investment Vehicle with respect to the syndication of the co-investment will not be substantial. In the event that we are not successful in finding co-investors for a particular opportunity, a GFG Investment Vehicle will consequently have greater exposure to the related investment opportunity than was intended, which could make the GFG Investment Vehicle more susceptible to fluctuations in value resulting from adverse economic or business conditions. Moreover, an investment by the GFG Investment Vehicle that is not syndicated to co-investors as anticipated could significantly reduce the vehicle's overall investment returns.

Any co-investment by GFG personnel, directly or indirectly, in transactions in which a GFG Investment Vehicle is also making an investment, would be subject to pre-clearance in accordance with our Code of Ethics.

Allocation of Fees and Expenses for Broken Deals

We employ the same procedures and principles as described above under "Allocation of Investment Opportunities" when allocating fees and expenses incurred in connection with "broken deals," or potential investments that we actively consider but do not consummate. That is, we generally make fee and expense allocation decisions while a transaction is pending based on our best judgment of which GFG Investment Vehicles we will ultimately allocate the transaction. When we abandon an opportunity, absent a factual development to the contrary, we will allocate the fees and expenses for such transaction to such GFG Investment Vehicles. This judgment is necessarily subjective, especially when a transaction is terminated at a particularly early stage. The allocations of fees and expenses among GFG Investment Vehicles may not be proportional. For example, to the extent one or more GFG Investment Vehicles were involved in a broken deal, the fact that the GFG Investment Vehicles may have different expense reimbursement terms, including with respect to advisory fee and similar offsets, could result in the GFG Investment Vehicles bearing different levels of expenses with respect to the same investment. As discussed above in Item 5, we generally do not allocate any fees and expenses for a "broken deal" to Co-Investment Vehicles or other co-investors.

The financial position of the relevant GFG Investment Vehicles gives us an incentive to allocate such fees and expenses to one such GFG Investment Vehicles and not another. For example, it would be advantageous to allocate broken deal fees and expenses to a GFG Investment Vehicles that is not expected to pay carried interest to its general partner, as the fees and expenses would not affect the amount of carried interest paid—it would be zero in any case. Conversely, it typically would be disadvantageous as an economic matter to allocate broken deal fees and expenses to a GFG Investment Vehicles that is paying carried interest, as doing so would delay or reduce the amount of carried interest paid to the relevant general partner. As with our other allocation decisions, our allocation procedures and principles are designed to help mitigate the risk that financial incentives improperly influence the allocation of broken deal fees and expenses.

Allocation of Other Fees and Expenses

In exercising our discretion to allocate fees and expenses, we face a variety of potential conflicts of interest. We will generally allocate fees and expenses to be split between us and the GFG Investment Vehicles (including fees and expenses incurred in the offering of the GFG Investment Vehicle, management of the GFG Investment Vehicle, and investment opportunities), in each case in accordance with the GFG Investment Vehicle's Governing Documents. To the extent not addressed in such documents or agreements, we generally will allocate such fees and expenses in our sole discretion, in each case in good faith using our best judgment. Because certain expenses are paid for by a GFG Investment Vehicle or, if incurred by us, are reimbursed by a GFG Investment Vehicle, we will not necessarily seek out the lowest cost options when incurring (or causing a GFG Investment Vehicle to incur) such expenses.

There are occasions when one GFG Investment Vehicle (the “Payor Fund”) is liable for or pays an expense common to or on behalf of multiple GFG Investment Vehicles (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate or under joint and several borrowing arrangements). On such occasions, each Allocated Fund will be obligated to reimburse the Payor Fund for its share of such expense or payment, with or without interest, after the payment is made by the Payor Fund. It is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

A GFG Investment Vehicle may sell down an interest in its portfolio investments to co-investors. Subject to the applicable Governing Documents, we may charge (or may decide not to charge) a co-investor (such as a GFG Investor or Third Party) interest costs for the time period between the closing of the applicable GFG Investment Vehicle's investment to the date of the transfer of interests in such investment to the applicable co-investor.

Please see “Resolution of Conflicts” above for a description of the means by which we and our related persons may seek to alleviate conflicts of interest among the GFG Investment Vehicles or other accounts or persons.

Allocation of Secondary Transfer Opportunities

To the extent we have discretion over a secondary transfer of interests in a GFG Investment Vehicle pursuant to such GFG Investment Vehicle's Governing Documents, or if we are asked to identify GFG Investors or Third Parties that could potentially acquire an interest being transferred, we will consider the factors listed above under "Allocation of Co-Investment Opportunities" in exercising such discretion or making such identification.

Conflicts Related to Transactions Between GFG Investment Vehicles

We may cause a GFG Investment Vehicle to purchase investments from another GFG Investment Vehicle, or we may cause a GFG Investment Vehicle to sell investments to another GFG Investment Vehicle. In connection with such transactions, we may:

- have significant investments or intentions to invest in the GFG Investment Vehicle that is selling and/or purchasing such an investment; or
- otherwise have a direct or indirect interest in the investment (such as through certain other participations in the underlying investment).

We may receive management or other fees in connection with our management of the relevant GFG Investment Vehicles involved in such a transaction or in connection with the transaction itself, and may also be entitled to share in the investment profits of the relevant GFG Investment Vehicles. We would be presented with certain conflicts of interest in effecting these transactions. To address these conflicts of interest, we will cause a GFG Investment Vehicle to engage in such transactions only if we determine that the terms and conditions of such transaction are substantially as advantageous to such GFG Investment Vehicle as the terms it would obtain in a comparable arm's-length transaction with a third party. For additional information regarding transactions between GFG Investment Vehicles, including a discussion of related conflicts of interest, please see Item 12, under "Cross Transactions."

Conflicts Between GFG Investment Vehicles Investing in Transactions Alongside Each Other

From time to time, a GFG Investment Vehicle and one or more other GFG Investment Vehicles make investments in the same company or with the same counterparty. While typically GFG Investment Vehicles would make any such investment on the same general terms, differences in each GFG Investment Vehicle's terms, investment periods, structures and investment strategies could result in the investments being made at a different effective price, in different amounts or with differing costs or terms. One GFG Investment Vehicle's interests may diverge from those of the other GFG Investment Vehicles. This could cause one GFG Investment Vehicle to dispose of, increase its exposure to or continue to hold the investment at a time when the other GFG Investment Vehicles have adopted a different strategy. As a result, the actions of one GFG

Investment Vehicle could affect the value of another GFG Investment Vehicle's investment. For example, a sale by one GFG Investment Vehicle of its investment could put downward pressure on the value of another GFG Investment Vehicle's interests, which the latter has opted to hold longer term. A GFG Investment Vehicle is under no obligation to act in a way that furthers or protects the interests of any other GFG Investment Vehicle. As a result, one GFG Investment Vehicle could earn a return on its investment that exceeds the return of other GFG Investment Vehicles in the same investment.

A GFG Investment Vehicle will from time to time invest in opportunities that other GFG Investment Vehicles have declined, and likewise, a GFG Investment Vehicle will from time to time decline to invest in opportunities in which other GFG Investment Vehicles have invested.

Our employees and related persons have made, and expect in the future to continue to make, capital investments in or alongside certain GFG Investment Vehicles, or in prospective investments directly or indirectly, and therefore have additional conflicting interests in connection with these investments.

Conflicts Related to Investing in Different Levels of the Capital Structure

GFG Investment Vehicles may in the future invest throughout the corporate capital structure of an issuer or asset, including loans and debt securities, preferred equity securities and common equity securities. It is possible that a GFG Investment Vehicle will hold an interest in one part of a company's capital structure while other GFG Investment Vehicles hold an interest in other parts of such structure. Accordingly, decisions taken by a GFG Investment Vehicle in these circumstances to further its interests may be adverse to the interests of other GFG Investment Vehicles.

For example, a GFG Investment Vehicle could acquire a significant equity stake in a company whose debt securities are already held by another GFG Investment Vehicle. As a creditor of the company, the second GFG Investment Vehicle could take actions, consistent with its obligations to maximize the return to its investors, with respect to its status as a creditor that would be adverse to the interests of the GFG Investment Vehicle as a holder of more junior securities. The second GFG Investment Vehicle for instance, could cause the acceleration of the portfolio company's debt or exercise other rights it has that could precipitate a sharp decline in the value of the equity held by the GFG Investment Vehicle. In such cases, one GFG Investment Vehicle would be under no obligation to take any action or refrain from taking any action to prevent or mitigate any losses by the other GFG Investment Vehicle.

Conflicts may arise in determining the terms of investments, especially when we control the structure of a transaction and its capitalization. For example, if a GFG Investment Vehicle is investing in debt securities, it would have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than another GFG Investment

Vehicle, as an equity owner, would desire. In addition, a GFG Investment Vehicle may participate in re-leveraging and recapitalization transactions in which other GFG Investment Vehicles have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing assets with terms that are more or less favorable than the prevailing market terms. Investments by more than one of our Clients in the same company or investment type also raise the risk of using assets of one of our Clients to support positions taken by other Clients of ours.

Conflicts Related to Other Investments by GFG Investment Vehicles

A GFG Investment Vehicle may invest in a company that competes with, is a customer of, or a service provider or supplier to, a company acting as counterparty or servicer provider to another GFG Investment Vehicle. In addition, GFG personnel may serve as directors, or otherwise be associated with, companies that are competitors of companies with whom certain GFG Investment Vehicles have invested. These circumstances would give rise to a variety of conflicts of interest. For example, a GFG Investment Vehicle or a company acting as a counterparty or service provider to such GFG Investment Vehicle may take actions for commercial reasons that have adverse consequences to a second GFG Investment Vehicle (or its counterparty or service provider), such as seeking to increase market share (as a competitor), withdrawing business in favor of a competitor that offers the same product or service at a more competitive price (as a customer), increasing prices in lock-step with other enterprises in the industry (as a supplier) or commencing litigation (in any capacity).

Any GFG Investment Vehicle Fund may also obtain information while dealing with its investments that it is prohibited from acting on or disclosing to another GFG Investment Vehicle as a result of confidentiality requirements or applicable law, even though such action or disclosure would be in the latter's interests.

Conflicts Arising from Confidential Information in Possession of GFG Investment Vehicles

GFG Investment Vehicles regularly obtain confidential information regarding various target companies and other investment opportunities. Since we do not currently maintain information barriers among most of our businesses, we generally impute confidential information received by one investment team to all other investment professionals. Thus, if a GFG Investment Vehicle receives confidential information with respect to a company, the other GFG Investment Vehicles would therefore face, as a result of securities law prohibitions on trading on the basis of material nonpublic information, certain restrictions on their ability to pursue a transaction with that company or dispose of an investment. Moreover, the confidentiality agreements that a GFG Investment Vehicle may enter into may include provisions, such as "standstills," that would prevent other

GFG Investment Vehicles from acquiring or disposing of certain investments, potentially for extended periods.

Conflicts Arising in the Allocation of Our Professionals' Time and Attention

The success of each GFG Investment Vehicle will depend on our investment professionals' ability to, among other things, source, underwrite, structure, complete and manage investments, seek to enhance the value of such investments, and exit investments at the appropriate time and at attractive valuations. To achieve those ends, our investment professionals will devote such time and resources to each GFG Investment Vehicle's activities as we determine to be appropriate. Our professionals, however, also spend time assisting other GFG Investment Vehicles with their investment activities or working on other projects. Conflicts therefore arise between GFG and GFG Investment Vehicles (or among such vehicles) with respect to the allocation of investment professional time and resources.

Conflicts Arising from Customized Terms Provided to Certain Investors

Investors increasingly expect to make investments in private investment funds on customized terms. We and our related entities generally accommodate these expectations either by entering into written agreements, which are often referred to (in investment management industry parlance) as "side letters," or by establishing dedicated GFG Investment Vehicles (such as Separately Managed Accounts) that provide such investors with customized terms. These customized terms typically result in preferential treatment, with respect to, among other things,

- the fee structure, including reduced advisory fees and/or carried interest;
- the offering of co-investment opportunities;
- the ability to opt out of certain types of investments;
- the reporting obligations of the applicable GFG Investment Vehicle;
- consent rights with respect to certain amendments to documents that govern their rights and obligations and those of the applicable GFG Investment Vehicle;
- the right to transfer interests in the applicable GFG Investment Vehicle;
- the right to withdraw from the applicable GFG Investment Vehicle in the event of adverse tax or regulatory events;
- the right to appoint a representative to the advisory committee of the applicable GFG Investment Vehicle, if applicable;

- additional confidentiality protections;
- the right to disclose certain information to underlying investors or to the public;
- structuring rights with respect to certain types of investments; or
- any other terms, whether economic, procedural or otherwise.

We will consider many factors in deciding whether to accord investors in GFG Investment Vehicles customized terms via a side letter and expect to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the GFG Investment Vehicle or that are anticipated to be important to future GFG fundraising campaigns;
- investors that are subject to specific legal, tax or regulatory requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

We and our related entities have no obligation to offer any such additional rights, terms or conditions to any other investor in such GFG Investment Vehicles, except to the extent required by the Governing Documents of the applicable GFG Investment Vehicle.

Once invested in a GFG Investment Vehicle, Investors generally cannot impose additional investment guidelines or restrictions on the GFG Investment Vehicle.

Favorable Terms Provided to Affiliates and Related Persons

The employees, business associates and other “friends and family” Investors of GFG are able to invest direct or indirectly in GFG Investment Vehicles on terms that are more favorable than those offered to other Investors. Such favorable terms may involve, among other things, a waived or reduced management fee or carried interest, and the waiver or reduction of other restrictions. GFG Investment Vehicles have no obligation to disclose or offer such favorable terms to any other Investor in the GFG Investment Vehicles, except to the extent required by the Governing Documents of the applicable GFG Investment Vehicle.

Conflicts Arising in Relation to Certain Borrowing Arrangements

GFG Investment Vehicles may enter into borrowing arrangements that require multiple GFG Investment Vehicles to be jointly and severally liable for the related obligations. If one GFG Investment Vehicle defaults on such obligation, the other GFG Investment Vehicles could be held responsible for the defaulted amount. GFG Investment Vehicles

will only enter into such joint and several borrowing arrangements when we determine that it is consistent with the relevant Governing Documents, and otherwise not inconsistent with the interests of the relevant GFG Investment Vehicles.

Conflicts Related to the Valuation of Assets

We generally determine, in our discretion, the fair value of each GFG Investment Vehicle's assets. While we follow valuation methodologies and procedures so that our fair value determinations are consistent with the relevant U.S. generally accepted accounting principles (in particular, Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements), we have incentives to arrive at higher valuations. For example, we regularly report to Investors in the GFG Investment Vehicles, prospective Investors and the investor community more generally metrics of the GFG Investment Vehicles' performance, such as rates of return and multiples-of money, whose calculation depends on the value of the GFG Investment Vehicles' investments, including unrealized investments. These reports are an indication of the overall health of the GFG Investment Vehicles and are important to our efforts to attract Investors to GFG Investment Vehicles.

Our valuations will be based to a large extent on our estimates, comparisons and qualitative evaluations of private information, which may be incomplete or inaccurate. The amount of judgment and discretion inherent in valuing assets renders valuations uncertain and susceptible to material fluctuations over possibly short periods of time; and substantial write-downs and earnings volatility are possible. Our determination of an investment's fair value may differ materially from the value that would have been determined if a ready market for the assets had existed, and the valuations the managers of other funds or other third parties ascribe to the same investment. Our valuation of an investment at a measurement date may also differ materially from the value that is obtained upon the investment's exit.

Conflicts Relating to Fee Structure and Carried Interest

Certain GFG Investment Vehicles have fixed investment periods after which capital is only permitted to be drawn down in limited circumstances, and advisory fees are, at certain times during the life of those GFG Investment Vehicles, based upon capital invested by the GFG Investment Vehicles. This fee structure creates an incentive to deploy capital when we would not otherwise have done so.

Because the amount of carried interest generally payable to the general partner of certain GFG Investment Vehicles depends on the GFG Investment Vehicle's performance, we have an incentive to approve and cause the GFG Investment Vehicles to make more speculative investments than they would otherwise make in the absence of such performance-based compensation. We also have an incentive to dispose of a GFG Investment Vehicle's investments at a time and in a sequence that would generate the most carried interest or that would avoid a "clawback" of carried interest, even if it would

not be in the GFG Investment Vehicle's interest to dispose of the investments in that manner.

Conflicts Relating to Services Provided by Related Persons

From time to time we, in our discretion, may contract with related persons of GFG (including but not limited to, a family member of GFG personnel) to perform services for us in connection with our provision of services to the GFG Investment Vehicles. When engaging a related person to provide such services, we will generally have a financial, personal or other business incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

From time to time we, in our discretion, may recommend to a GFG Investment Vehicle that it contract for services or, in providing services to a GFG Investment Vehicle, directly engage with

- a related person of GFG; or
- an entity or person with which or whom GFG or GFG personnel has a relationship or from which or whom GFG or GFG personnel otherwise derives financial, personal or other benefit.

When making such a recommendation, it is possible that we or GFG personnel, because of our financial, personal or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Diverse Membership

Investors will be subject to different legal, tax and regulatory regimes. For example, Investors generally will include taxable and tax-exempt entities and will be organized in various jurisdictions. The nature and diversification of the GFG Investments Vehicle's investments, as well as the manner in which it makes, structures, holds and exits them, may therefore lead to a more favorable legal, tax or regulatory outcome for some of its Investors. In selecting investments appropriate for each GFG Investment Vehicle, we will consider the investment objectives of the GFG Investment Vehicle as a whole, not the investment objectives of any of its Investors individually. To the extent we are able to structure certain investments based in part on the Investors' respective legal, tax and regulatory constraints, we will not take into account such interests as they relate to each individual Investor.

While GFG Investment Vehicles may have tax-exempt, taxable, foreign and other investors, most members of the general partners of the GFG Investment Vehicles are taxable at individual U.S. rates. Potential conflicts exist between the members of the general partners and the GFG Investment Vehicles' Investors with respect to various

structuring, investment and other decisions because of divergent tax, economic or other interests. For these reasons, among others, these decisions may be more beneficial for one type or class of Investor than for another, particularly with respect to Investors' respective tax situations.

Conflicts Arising Between Our Interests and GFG Investment Vehicles

We generally participate indirectly in investments made by the GFG Investment Vehicles. While we believe this generally helps align our interests with those of the GFG Investment Vehicles' other Investors and provides a strong incentive to enhance performance of the relevant GFG Investment Vehicle, these arrangements also give rise to conflicts of interest. For example, we have an incentive to influence the allocation of an attractive investment opportunity to the vehicle in which we stand to personally earn the greatest return. Some of our professionals also have personal investments in entities that are not affiliated with us, which also gives rise to conflicts of interest.

Conflicts Arising from Service by Our Professionals on Portfolio Company Boards of Directors

Our professionals may from time to time serve on the boards of directors of companies in which GFG Investment Vehicles have invested by virtue of the governance agreements GFG negotiated at the time of the investment. While the interests of a GFG Investment Vehicle as a security holder in such company generally align with the interests of shareholders more broadly, it is possible that our professionals' fiduciary duties to the portfolio company and its shareholders as a director will conflict with the interests of the GFG Investment Vehicle. For example, it may be inconsistent with a director's fiduciary duties to share information he/she receives regarding the relevant company with other GFG Investment Vehicles even though that information would be beneficial to such other GFG Investment Vehicles.

Conflicts Arising from Business with Investment Counterparties

Investment counterparties of a GFG Investment Vehicle also could be counterparties or participants in agreements, transactions or other arrangements with other GFG Investment Vehicles that involve fees and/or servicing payments to us or our affiliates which are not subject to advisory fee offsets or otherwise shared with the relevant GFG Investment Vehicle.

From time to time we, in our discretion, may cause the GFG Investment Vehicles and/or certain of their portfolio companies to have ongoing business dealings, arrangements or agreements with persons who are former employees or executives of GFG. GFG Investment Vehicles would bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there exists a conflict of interest between ourselves and the GFG Investment Vehicles in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that

we will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

In addition, investment counterparties to GFG Investment Vehicles, from time to time, may make discounts and other benefits available to GFG and/or GFG investment personnel in connection with products or services offered by such companies.

We from time to time engage in business opportunities arising from a GFG Investment Vehicle's investment with a counterparty (for example, without limitation, entering into a joint venture with such counterparty or making a proprietary investment in or with such counterparty).

Conflicts Arising from Business with Certain Investors

We have service providers, including for example, investment bankers and outside legal counsel, who are Investors in GFG Investment Vehicles and/or who provide services to businesses that are our competitors. We may have a conflict of interest with a GFG Investment Vehicle in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in GFG Investment Vehicles or will provide us information about our competitors. There is a possibility that we, because of such belief or for other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain members of a vehicle's advisory committee are, or in the future could be, officers or directors of, or otherwise affiliated with, Investors of a GFG Investment Vehicle or one or more other GFG Investment Vehicles. The general partner of a GFG Investment Vehicle has the discretion to utilize the services of Investors and their affiliates on an arm's-length basis, as it deems appropriate.

It is possible that we exercise our discretion to enter into transactions with Investors in one or more GFG Investment Vehicles to dispose of all or a portion of certain investments held by one or more GFG Investment Vehicles. In exercising our discretion to select the purchaser(s) of such investments, we will consider some or all of the factors listed above under "Allocation of Co-Investment Opportunities." The sales price for such transactions will be mutually agreed to by us and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by us. Although we are not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, we will first determine that such transaction is in the interests of the applicable GFG Investment Vehicles, taking into account the sale price and the other terms of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable GFG Investment Vehicles. Any such transactions will comply with the Governing Documents of the applicable GFG Investment Vehicles.

Conflicts Related to Legal Counsel and Other Service Providers Engaged by GFG Investment Vehicles

GFG Investment Vehicles will often engage common legal counsel and other advisers to represent all of the GFG Investment Vehicles in a particular transaction, including a transaction in which multiple GFG Investment Vehicles have conflicting interests because they are investing in different securities of a single company or asset. In the event of a significant dispute or divergence of interest between GFG Investment Vehicles, such as in a work-out or other distressed situation, separate representation may become desirable, in which case we may hire separate counsel in our sole discretion, and in litigation and other circumstances, separate representation will occasionally be required. Law firms engaged to represent GFG Investment Vehicles, partners in those firms or entities affiliated with those firms may be Investors in such GFG Investment Vehicle or other GFG Investment Vehicles, and may also represent one or more counterparties, competitors or Investors of such GFG Investment Vehicles and/or other GFG Investment Vehicles. Additionally, we and the GFG Investment Vehicles will at times engage other common service providers. Engaging common legal counsel and other service providers creates conflicts of interest between us, on the one hand, and the GFG Investment Vehicles, on the other hand, in determining whether to engage such service providers, including the possibility that we will favor the engagement or continued engagement of such persons if we receive a benefit from such service providers, such as lower fees, that we would not receive absent the engagement of such service provider by the GFG Investment Vehicles.

Conflicts Related to GFG Strategic Transactions

GFG may engage in strategic transactions, including the acquisition of, or combination with, other investment platforms. In the event that we, any of our affiliates or any other party engages in any such transaction or otherwise engages in any actions or any other event occurs that results in an assignment (including for purposes of the Advisers Act) of an Investment Management Agreement or of any other agreement (including because of any change in our control group), and as a result we or any other entity must seek the consent of the GFG Investment Vehicle under applicable law, the general partner of the GFG Investment Vehicle may not seek the consent of all of the Investors of such GFG Investment Vehicle but will have the authority to act for the GFG Investment Vehicle in determining whether or not to provide any required consent.

Conflicts Related to the Employee Retirement Income Security Act of 1974

A GFG Investment Vehicle may in the future hold “plan assets” subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). With respect to those plan assets, if any, we and certain related entities would be classified as “fiduciaries” under ERISA. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a GFG Investment Vehicle may be prohibited from entering into certain transactions if the investment would violate ERISA with respect to such GFG Investment Vehicle, or may be obligated to take certain actions

or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such GFG Investment Vehicle.

Conflicts Related to the Hiring of Asset Managers or Servicers

The general partner of a GFG Investment Vehicles will from time to time hire asset managers, servicers or other strategic counterparties (collectively, “Servicers”), including affiliates of ours or the general partner (or entities in which affiliates of ours or the general partner have an interest or a right to acquire an interest), to provide asset management, sourcing, due diligence, underwriting, loan and other asset servicing, accounting, operational or other services with respect to investments. The fees to be paid to the Servicer are determined at the discretion of the general partner taking into account the assets to be governed by such agreement, may include a profits interest or other incentive-based compensation to the Servicer, and are otherwise determined according to one or more methods, including a percentage of the value of the assets being serviced or the invested capital exposed to such assets, and/or a percentage of cash flows from such assets. In the event one or more Servicers is providing services to multiple GFG Investment Vehicles, we will allocate such fees among these GFG Investment Vehicles, in a fair and equitable manner.

Conflicts Arising from the Exit of Certain Investments

The general partner, or its affiliates, from time to time receives distributions in kind from an investment disposition. In the event the general partner, or its affiliates, receives such a distribution, the general partner may act in its own interest with respect to its share of assets and will determine to sell the distributed assets, or hold the distributed assets for such time as the general partner will determine. The ability of the general partner to act in its own interest with respect to such distributed assets creates a conflict of interest between the general partner or affiliate, as an adviser to the GFG Investment Vehicle, and the GFG Investment Vehicle and its Investors.

Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements

The Governing Documents of each GFG Investment Vehicle and related documents are detailed agreements that establish complex arrangements among us, the Investors, the GFG Investment Vehicle, the general partner and other entities and individuals. Questions arise under these agreements regarding the parties’ rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements’ drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations we adopt will not necessarily

be, and need not be, the interpretations that are the most favorable to the GFG Investment Vehicles or their Investors.

Item 12. Brokerage Practices.

Investment or Brokerage Discretion

For each of the GFG Investment Vehicles, we have sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. We will seek the best price and execution available except to the extent we are permitted to pay higher brokerage commissions in exchange for brokerage and research services. “Best execution” means obtaining for a GFG Investment Vehicles the lowest total cost (in purchasing an asset) or highest total proceeds (in selling an asset), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer.

In selecting brokers or dealers, we generally will consider various factors, including:

- the broker-dealer’s reputation, experience and financial stability;
- the ability to maintain our anonymity;
- the ability to provide competitive pricing;
- the transaction’s size and timing;
- the ability and willingness to commit capital and provide prompt and accurate execution and settlement;
- whether the broker-dealer makes a market in an asset and/or finds sources of liquidity;
- the nature of the market for the asset and the difficulty of execution;
- the broker-dealer’s trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market;
- the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the GFG Investment Funds have been treated fairly and honestly in prior trades;
- the quality of execution and service rendered by the broker-dealer in prior transactions;

- any proprietary research and investment ideas; and
- our overall relationship with the broker-dealer.

We have no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so-called “soft dollar” arrangements). However, we may select brokers or dealers:

- who provide us research reports and services, including:
- proprietary broker-dealer company research and analyses;
- oral and written reports, statistics and advice about the economy, industries and individual securities’ or investment opportunities;
- reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics; and
- opportunities to confer with company management.

In accordance with Section 28(e) of the Securities Exchange Act of 1934, broker-dealers providing such services will from time to time be paid commissions on transactions for GFG Investment Vehicles in excess of those that other broker-dealers not providing such services might charge so long as we determine in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided, taking into account all of the accounts over which we exercise investment discretion. Recognizing the value of the brokerage and research services provided, we will from time to time allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction.

We will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to Client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. We will also periodically review the past performance of the broker-dealers with whom we have placed orders to execute GFG Investment Vehicle transactions in light of the factors discussed above.

Please refer to the section above entitled “Conflicts Related to the Hiring of Asset Managers or Servicers” for a discussion of potential conflicts of interests that affect our choice of service providers, including broker-dealers.

Cross Transactions

Generally, we do not effect cross transactions between GFG Investment Vehicles (a “cross-fund transaction”); however, they may be effected in rare instances. Such cross-fund transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a GFG Investment Vehicle may not receive the best price otherwise possible, or we might have an incentive to improve the performance of one GFG Investment Vehicle by selling underperforming assets to another GFG Investment Vehicle in order, for example, to earn fees. Additionally, in connection with such transactions, we:

- may have significant investments, or intentions to invest, in a GFG Investment Vehicle that is selling and/or purchasing such an investment; or otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment); and
- may receive management or other fees in connection with our management of the relevant GFG Investment Vehicles involved in such a transaction, and may also be entitled to share in the investment profits of the relevant GFG Investment Vehicles.

In the event that we do effect cross-fund transactions between GFG Investment Vehicles, we will seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and our policies and procedures. In particular, we will seek to ensure that the transaction is:

- in our judgment, in the interests of each GFG Investment Vehicle involved in the transaction; and
- in compliance with any investment guidelines or restrictions for these GFG Investment Vehicles.

In effecting these transactions, we will exert efforts so that the purchase or sale is effected at a price that is comparable to what price could be obtained through an arm’s-length transaction with a third party, and that is otherwise fair to both parties. We expect to maintain documentation to memorialize the basis for determining fairness in pricing. Neither we nor any of our affiliates will receive any compensation for effecting a cross-fund transaction.

Trade Aggregation

In pursuing our investment objectives, we from time to time cause GFG Investment Vehicles to purchase and sell assets through brokers. If we have determined to sell or purchase assets at the same time for more than one GFG Investment Vehicle, the Chief Compliance Officer or his/her designee will ensure that combined orders for all GFG Investment Vehicles are generally placed while assigning pre-order allocations. If an order for more than one GFG Investment Vehicle cannot be fully executed, we may

“bunch” buy or sell orders for two or more GFG Investment Vehicles into a single large order, and place the bunched order with a single broker or dealer for execution. In many instances, such “bunching” of orders can result in lower commissions, a more favorable net price or more efficient execution than if each GFG Investment Vehicle’s order were placed separately. There may, however, be instances in which order bunching results in a less favorable transaction than a particular GFG Investment Vehicle would have obtained by trading separately. Similarly, when orders are not bunched, there may be circumstances when purchases or sales of assets for one or more GFG Investment Vehicles will have an adverse effect on other GFG Investment Vehicles. We are not obligated to place all transactions on a “bunched” basis. We generally will seek to avoid putting any GFG Investment Vehicle at an advantage or disadvantage compared to other GFG Investment Vehicles that are buying or selling assets. Each GFG Investment Vehicle participating in a “bunched” order generally will participate at the same price as all other participants, and all transaction costs on the order will be allocated pro rata to all participating GFG Investment Vehicles.

Item 13. Review of Accounts.

- (A), (B) **Our Review of Client Accounts.** GFG monitors the portfolios of GFG Investment Vehicles on an ongoing basis and addresses any material event that may impact the assets held by such vehicles.
- (C) **Regular Reports We Provide to Investors.** We generally do not provide formal written reports to any GFG Investment Vehicle unless specifically requested by the general partner of the vehicle. Each Investor in the GFG Investment Vehicles receives reporting in accordance with the Governing Documents of such vehicle and generally includes: (i) annual financial statements of the GFG Investment Vehicle audited by an independent certified public accounting firm; (ii) a periodic letter from GFG discussing the results of the vehicle; and (iii) copies of such Investor’s Schedule K-1 to the vehicle’s tax returns.

Item 14. Client Referrals and Other Compensation.

No one who is not a Client of GFG provides an economic benefit to GFG for providing investment advice or other advisory services to GFG’s Clients.

Neither GFG nor any of its related persons directly or indirectly compensates any person who is not a GFG supervised person for Client referrals.

We from time to time enter into arrangements with third party broker-dealers to raise Investor capital for a GFG Investment Vehicle. Such selling agents typically receive a portion of GFG’s management fee and carried interest with respect to the Investors they bring to the respective GFG Investment Vehicle. We generally bear such fees instead of the GFG Investment Vehicle. Basing the selling agent’s compensation on an Investor’s decision to invest creates a conflict of interest by incentivizing the selling agent to attract investors to a GFG Investment Vehicle when it may not be in the Investors’ interests to subscribe.

Item 15. Custody.

We are deemed to have custody of the assets of each of the relevant GFG Investment Vehicles, and a qualified custodian sends quarterly, or more frequent, account statements to us. Investors in such vehicles do not receive such statements; however, Investors are expected to receive GAAP-compliant audited financial statements within 120 days after the end of each fiscal year of each such vehicle.

Item 16. Investment Discretion.

GFG exercises discretionary authority to manage assets on behalf of each GFG Investment Vehicle pursuant to such vehicle's Investment Management Agreement. Any limitations on this authority are described in the Investment Management Agreement and/or the Governing Documents of such GFG Investment Vehicle.

Item 17. Voting Client Securities – Proxy Policy.

While GFG's current investment strategies with respect to Specialty Finance Asset Investments generally do not generally involve the voting of proxies like traditional equity securities which carry the right to vote on matters submitted to the equity holders (for example, election of directors), GFG generally does have authority to vote (which, for these purposes, includes proxies and other corporate actions, such as consent requests) assets held by the GFG Investment Vehicles under the Governing Documents of such vehicles. We have adopted and implemented policies and procedures reasonably designed to ensure that we vote proxies in the best interests of the GFG Investment Vehicles. In exercising our voting discretion, we seek to avoid any direct or indirect conflict of interest between the GFG Investment Vehicle and the voting decision.

It is our general policy to vote or to give consent on all matters presented to security holders in any proxy or similar request, and our policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise to withhold our vote or consent on any matter if, in the judgment of certain of our professionals and those of our affiliates, the costs associated with voting such proxy outweigh the benefits to the applicable vehicle or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable vehicle.

GFG Investment Vehicles generally cannot direct our vote.

Our Chief Compliance Officer or his/her delegate (a "Proxy Reviewer") is responsible for monitoring proxy decisions for any actual or perceived conflicts of interests. All proxy voting decisions require a mandatory conflicts of interest review by a Proxy Reviewer, which includes consideration of whether GFG or any investment professional or other person recommending how to vote the proxy has an interest in how the proxy is voted that may present a conflict of interest. When the Proxy Reviewer deems appropriate in his sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this

regard, the Proxy Reviewer has the power to retain independent fiduciaries, consultants or professionals to assist with proxy voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

When voting proxies on behalf of a GFG Investment Vehicle, we vote in a manner that we believe is consistent with the best interest of the vehicle, which may include agreeing with a third party to vote on a matter in a particular manner if we deem such agreement to be in the best interest of the GFG Investment Vehicle. We do not permit proxy voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle. In accordance with the requirements of the Advisers Act, we maintain records of our proxy voting for at least five years and, at a GFG Investment Vehicle's request, will furnish proxy voting information, free of charge, to the requesting GFG Investment Vehicle within a reasonable period of time (usually within ten business days). GFG Investment Vehicles may request proxy voting information by contacting the Chief Compliance Officer at (203) 742-1473 or by writing to GFG Alternative Investment Advisors, LLC, Attn: Chief Compliance Officer, at One Sound Shore Drive, Suite 104, Greenwich, CT 06830.

Item 18. Financial Information.

- (A) GFG does not require or solicit prepayment of any fees six months or more in advance.
- (B) To the best of our knowledge, there exists no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our Clients.
- (C) GFG has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State Registered Advisers.

This Item 19 is not applicable, as GFG is registered as an investment adviser with the U.S. Securities and Exchange Commission and not with any State governmental authority.