

Item 1 – Cover Page
GC Advisors LLC (“GC Advisors”)

Form ADV, Part 2A (the “Brochure”)

March 30, 2021

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This Brochure provides information about the qualifications and business practices of GC Advisors. If you have any questions about the contents of this Brochure, please contact us at (312) 205-5050. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. GC Advisors refers to itself as a “registered investment adviser” or “RIA”. You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

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

Item 2 – Material Changes

None.

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IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- ***an offer or agreement to provide advisory services to any person or separately managed account;***
- ***an offer to sell interests (or a solicitation of an offer to purchase interests) in any private fund or other pooled investment vehicle; or***
- ***a complete discussion of the features, risks or conflicts associated with any advisory service, private fund or pooled investment vehicle.***

As required by the Investment Advisers Act of 1940, as amended (the “Advisers Act”), GC Advisors (together with GC Investment Management LLC (“GCIM”), OPAL BSL LLC (Management Series) (“OPAL BSL”) and GC OPAL Advisors LLC (“GC OPAL Advisors”), the “Advisers”, “we”, “us” or “our”) provide this Brochure to current and prospective clients. We also typically provide this Brochure to current or prospective investors in a separately managed account, private fund or pooled investment vehicle advised by us, along with other relevant governing documents, such as an offering or private placement memorandum or investment management agreement (collectively, “client documents”), in connection with, an investment in such account, fund or vehicle. Additionally, this Brochure is available through the SEC’s website.

Each of GC Advisors and GC OPAL Advisors is registered as an investment adviser with the SEC. GCIM and OPAL BSL are relying advisers of GC OPAL Advisors. All of the Advisers are under common ownership. Although referred to collectively throughout this Brochure as the “Advisers”, each Adviser is a distinct entity. Where items herein refer only to one Adviser, it is so noted; otherwise, disclosure contained in this Brochure applies generally to all of the Advisers.

Although this publicly available Brochure describes investment advisory services and products that we provide, persons who receive this Brochure (whether or not from us) should be aware that it is designed solely to provide information about us as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure differs from information provided in client documents. More complete information about each separately managed account, private fund or other pooled investment vehicle is included in the relevant client documents, certain of which are provided to current and eligible prospective investors only by us or persons authorized by us to communicate with current or prospective investors. To the extent that there is any conflict between discussions herein and similar or related discussions in any client documents, the relevant client documents shall govern and control.

No offer of or solicitation for an account, fund or vehicle that we manage will be made before we deliver client documents to a prospective investor. You should read the client documents carefully and consult with your tax, legal and financial advisors before making any investment decision.

Item 4 – Advisory Business

GC Advisors is a limited liability company organized in September 2008. The beneficial owners of GC Advisors are primarily persons and entities associated with Lawrence E. Golub and David B. Golub. Lawrence E. Golub is the Chief Executive Officer of GC Advisors, and David B. Golub is the President of GC Advisors.

GC OPAL Advisors is a limited liability company organized in July 2017. The beneficial owners of GC OPAL Advisors are primarily persons and entities associated with Lawrence E. Golub and David B. Golub. Lawrence E. Golub is the Chief Executive Officer of GC OPAL Advisors, and David B. Golub is the President of GC OPAL Advisors. GC OPAL Advisors has a separate Form ADV but is part of a common investment advisory business with GC Advisors.

GCIM is a limited liability company organized in October 2010. The beneficial owners of GCIM are primarily persons and entities associated with Lawrence E. Golub and David B. Golub. Pursuant to a contractual arrangement, GCIM receives nondiscretionary subadviser services, fundraising and back office support from GC Advisors and its affiliates. GCIM relies on the registration provided by GC OPAL Advisors. Lawrence E. Golub and David B. Golub are the controlling managers of GCIM.

OPAL BSL is a series of a multi-series limited liability company organized in April 2017. The beneficial owners of OPAL BSL are primarily persons and entities associated with Lawrence E. Golub and David B. Golub, and an entity, Golub Capital Partners Holdings, Ltd., that is owned indirectly by certain pooled investment vehicles managed by us. This ownership structure is intended to assist in our compliance with relevant risk retention rules. OPAL BSL relies on the registration provided by GC OPAL Advisors. Craig Benton is the President of OPAL BSL.

Firm Overview

We provide investment management services as the adviser or subadviser to pooled investment vehicles, private investment funds and separately managed accounts (collectively, “clients”). Other than with respect to GCIM, we operate primarily out of offices in New York, Chicago, Charlotte, Greenwich, San Francisco, and Denver. GCIM operates out of offices in the U.S. Virgin Islands.

GC Advisors provides investment advisory and management services to Golub Capital BDC, Inc. (“Golub BDC”) and Golub Capital BDC 3, Inc. (“GBDC3” and, together with Golub BDC, the “BDCs”), each of which has elected to be regulated as a business development company under the Investment Company Act of 1940 (the “1940 Act”).

We provide tailored investment advisory services to our clients in accordance with each account’s investment objectives, strategies, restrictions and guidelines. Other than for separately managed accounts, we do not tailor our advice to the individualized needs of any particular investor. Each investor in a pooled investment vehicle or private investment fund must consider whether that vehicle meets such investor’s investment objectives and risk tolerances prior to

investing. Additional information about each client is contained in the relevant client documents, which will be available to current and eligible prospective investors only through us or another authorized party.

While we generally have broad investment discretion, examples of the types of instruments in which our clients typically invest include:

- unitranche, senior and mezzanine loans, either directly or indirectly through collateralized loan obligations or financing securitizations (“CLOs”) or leveraged subsidiaries, revolvers, swingline facilities and other related products;
- broadly syndicated loans, either directly or indirectly through CLOs, warehouse facilities or total return swaps;
- corporate debt securities;
- CLOs, including the junior tranches of such CLOs, for which an affiliate serves as collateral manager;
- securitization liabilities and risk retention vehicles;
- swaps, including credit default swaps and interest rate swaps;
- interests in other pooled investment vehicles, including those that we manage and/or in which we have an interest; and
- public and private equity investments, including in publicly-traded securities and operating companies.

Golub Capital

Golub Capital is a U.S.-based firm founded in 1994 with principal offices in New York, Chicago, Charlotte, Greenwich, San Francisco, and Denver. Golub Capital has two primary business strategies: direct lending and broadly syndicated loans. Golub Capital’s direct lending unit focuses on originating, underwriting and investing in unitranche, senior and mezzanine loans, directly or indirectly through a series of CLOs and leveraged subsidiaries. Golub Capital also syndicates portions of certain loans that it originates to certain clients and third-party investors. Golub Capital’s broadly syndicated loans unit focuses on investing in larger loans that are generally liquid in the secondary market, directly or indirectly through CLOs, warehouse facilities or total return swaps that are managed by the Advisers and/or their affiliates. Golub Capital also sponsors pooled investment funds that focus on investing in opportunistic credit opportunities. In the future, Golub Capital could seek to create other business units on a limited and/or opportunistic basis.

Employees and Client Assets

As of December 31, 2020, the Advisers had, through services agreements, over 520 employees. As of December 31, 2020, GC Advisors managed client assets as an investment adviser, on a discretionary basis, in the amount of \$28,700,627,564, and as a nondiscretionary subadviser in the amount of \$41,427,013,479. As of December 31, 2020, GC OPAL Advisors managed client assets as an investment adviser, on a discretionary basis, in the amount of \$342,463,498. As of December 31, 2020, GCIM managed client assets as an investment adviser, on a discretionary basis, in the amount of \$39,886,939,555. As of December 31, 2020, OPAL BSL managed client assets as an investment adviser, on a discretionary basis, in the amount of \$5,799,405,956. In each case, the amount of client assets listed above is guided by the SEC's definition of Regulatory Assets Under Management, which is materially higher than the sum of the advised clients' net asset values. Our interpretation of Regulatory Assets Under Management counts individual assets more than once, at different levels of our capital structure. Using our internal methodology, which is a measure of gross assets that includes leverage and uncalled capital, the Advisers had over \$35 billion of capital under management firmwide as of December 31, 2020. We believe this lower figure provides a better understanding of the relative scope of our investment management activities.

Item 5 – Fees and Compensation

The following discussion represents our basic compensation and expense allocation arrangements. However, compensation and expense allocations are negotiable in certain circumstances, and arrangements with any particular client or investor vary on a case-by-case basis. This is particularly true for separately managed accounts, which typically contain more customized fee provisions than the basic compensation and expense allocation arrangements described below. All investors and clients should review the relevant client documents for complete information on fees and compensation payable to us, including, without limitation, information concerning calculation and payment methodology.

Compensation Arrangements

Management Fees

The fee for investment advisory and management services that we provide to clients is a base management fee, which is directly or indirectly borne by investors. The management fee varies based on the client, but it is generally calculated as a percentage of gross assets owned directly or indirectly by the respective client. Therefore, we benefit when client accounts and their subsidiaries incur debt or use leverage, and we generally control the amount of debt or leverage used by such client accounts and their subsidiaries. Further, because the management fee is based on gross asset value, there is an incentive to assign valuations that are higher than would be realized upon sale. Certain client accounts exclude uninvested cash from the management fee calculation. In these cases, there is an incentive to make investments more quickly or in larger amounts than we would if we were charging a management fee calculated based on the full value of the account, including uninvested cash, or on capital commitments. Not all clients pay the same level of fees. As such, we have a financial incentive to allocate investments to clients that pay a higher management fee. As discussed further in Item 11, we are subject to various actual and potential conflicts of interest, including, but not limited to, those

described above, which we attempt to identify, monitor and mitigate. Further, we have implemented policies and procedures reasonably designed to ensure our clients are treated fairly and equitably over time. Our allocation policy, for example, prohibits us from favoring any particular advisory account to generate higher fees or compensation or because of our ownership or economic interests, or those of our affiliates, officers or employees, in such advisory account. Finally, we believe that we are effectively aligned with our clients through the economic structures of our client accounts and/or their subsidiaries.

Management fees are generally payable quarterly in arrears. However, with respect to certain client accounts, management fees could be payable quarterly in advance with a true-up at each quarter end. Management fees are generally deducted from client account assets and paid, or otherwise allocated, to us in accordance with the terms of the relevant client documents. Additionally, certain client accounts elect to be billed separately for fees or to authorize a qualified custodian to pay the investment management fees directly from the client accounts. Clients generally have the right to terminate the advisory or investment management agreements in accordance with the terms of such agreements, but individual investors in certain clients, such as private investment funds, generally do not have this termination right by themselves. Upon termination of a client account, any prepaid, unearned fees are refunded, and any earned, unpaid fees become due and payable.

For certain client accounts, we could elect to waive fees from time to time, and these waivers would have a positive, but one-time, effect on returns. We sometimes charge lower fees on certain assets, such as broadly syndicated loan-related assets, than on other assets, such as middle market loan-related assets. Because not all assets fit precisely in one category or another, some manager discretion is used in categorizing such assets. We have an incentive to invest in assets that pay higher fees, and we have an incentive to categorize assets into categories that pay higher fees.

Performance Payments

Performance-based compensation, including performance payments, incentive payments and incentive allocations based on investment performance, is referred to herein as “performance payments” regardless of the form. We receive or are entitled to receive performance payments with respect to many of our clients. For additional information about performance payments, please refer to Item 6, “Performance-Based Fees and Side-By-Side Management”.

Certain Subadvisory Fees

We serve as nondiscretionary subadviser in connection with two series of multi-series investment funds that are advised by a third-party registered investment adviser. This third-party registered investment adviser invests the assets of these multi-series investment funds in, among other things, pooled investment vehicles that are advised by us. In connection with our nondiscretionary subadvisory services to this adviser, we are eligible to receive management fees and performance payments in addition to the management fees and performance payments that we receive from the underlying pooled investment vehicles that we advise. However, in these circumstances, we and/or our affiliates waive certain fees such that the total management fees and/or performance payments that we receive do not exceed the amount that would have been paid to us absent such a structure.

Transaction-Related Fees

In connection with investments made by certain clients and as part of our advisory compensation, we and/or our affiliates often receive origination, commitment, documentation, structuring, facility, monitoring, amendment, administrative agent and/or other transaction fees from portfolio investments in which one or more clients invest or propose to invest. The potential for us and our affiliates to receive these economic benefits creates a conflict of interest, as we and our affiliates have an incentive to invest in portfolio investments that provide such benefits.

To mitigate conflicts, the benefits that we and our affiliates receive in connection with our or our affiliates' services related to portfolio companies or transactions are generally partially or fully offset against the management fees payable to us by the relevant client. However, certain categories of fees, such as administrative agent fees, are often part of our advisory compensation and are not always offset against management fees. Alternately, these fees could be offset for certain clients and not others. Determining whether an economic benefit received in connection with a transaction related to a portfolio investment is deemed to be of the type that is fully, partially or not offset against management fees requires judgment, which creates a conflict of interest between clients and us. Additionally, because our affiliates are often heavily involved in negotiating these transactions, they have an incentive to structure the transactions to generate the types of fees that would not be offset or only partially offset against management fees.

In the event these benefits are only partially offset against management fees payable to us, we and our affiliates would receive higher total compensation than we and our affiliates would receive in a compensation structure that does not contain deal-related compensation or for which such compensation is fully offset. As such, we have a financial incentive to originate investments other than the incentive associated with a management fee and a performance payment. To partially mitigate this, our allocation policy prevents us from allocating investments based on whether a particular client allows us or our affiliates to retain deal fees earned in connection with the client's investments without offsetting such deal fees against management fees.

In some cases, an excess portion of an asset is temporarily held by a non-advisory account, and when that excess portion is sold to third parties, we or our affiliates could receive a fee or profit. In other cases, an excess portion of an asset is held by a client before a third party purchases the asset. We have an incentive to find larger deals than our clients would ordinarily want to generate transaction fees and profits. Further, these fees and profits create an incentive for us and/or our affiliates to sell a larger portion of a loan to third parties (thereby reducing the clients' shares of the loan) than we would in the absence of such fees or profits. To partially mitigate these conflicts, our clients receive their minimum desired allocations before we sell any portion of an originated investment to a third-party.

In some cases, we will serve a leading role with respect to a particular originated loan. While we believe that serving in a lead role provides more attractive investments to our clients over time, this role (and the fees associated therewith, which are a part of our advisory compensation) could conflict with the short-term interests of our clients on any particular deal. For example, when we serve in a leading role, our clients could retain a larger-than-pro-rata portion of revolving loans or delayed draw term loans. While the fees related to retaining these portions of revolving loans or delayed draw term loans generally benefit our clients, retaining these portions could also require our clients to reserve a sufficient amount of liquid capital to satisfy drawdown requests with respect to these loans. As a result, there is a risk that a greater portion of a client's capital would be held in cash or other highly liquid assets than otherwise would be held in these assets. Upon the closing of a particular transaction, the price attributed to various parts of a deal could be different than the eventual fair value of these assets. For example, the revolving loan portion of a deal could be overpriced initially compared to where a revolver would trade between third-party buyers and sellers. Because clients could receive a larger than pro rata portion of a revolving loan, the effect of the initial closing prices could be magnified. In addition, we could be required to sell a larger portion of a loan to third parties to win a mandate on a loan origination or to otherwise satisfy sponsor requests than we would otherwise prefer to sell in our capacity as investment manager to our clients. Further, we and/or our affiliates often receive fees as a part of our advisory compensation in connection with syndicating a loan and, as a result, there is an incentive to syndicate more of the loan to third parties than we would in the absence of these fees. In such cases, clients could receive smaller allocations of loans than such clients might otherwise prefer. Nonetheless, we believe that, in the long term, leading roles are integral to our efforts to secure the best investment opportunities for our advisory clients.

Investment Vehicle-Related Fees

We generally invest client assets through investment vehicles. For many investment vehicles, such as leveraged subsidiaries and CLOs, we and/or our affiliates serve as investment adviser, administrator, servicer and/or collateral manager, and we and/or our affiliates provide other services for which we and/or our affiliates receive management fees and/or performance payments. Typically, when we invest in CLOs, we purchase the junior securities of the CLOs we manage ("Golub CLOs"). Investment vehicles, such as leveraged subsidiaries and CLOs, are typically used for leverage, allocation, tax or other reasons. When we invest client assets in entities that we or our affiliates advise or provide other services to, we and/or our affiliates

typically make certain adjustments such that the total management fees and/or performance payments borne by the client do not exceed the amount that would have been paid absent this structure.

Expense Allocation Arrangements

Shared Services Expense

We provide shared investment advisory and management services to multiple clients and, therefore, allocate the expenses for these shared services across many such clients in accordance with the process set forth in our policies. Expenses for shared services are, for some clients, borne directly or indirectly by their investors, and for other clients, we bear these expenses. The allocation of such expenses involves some degree of judgment which creates conflicts of interest. Accordingly, certain expenses charged to clients are composed of allocations of shared services expense. To calculate shared services expenses, in general, each of our personnel is classified as (i) personnel who performs services allocated to clients, (ii) personnel who performs services that are allocated to us and not allocated to clients and (iii) personnel who performs both client-allocated and non-client-allocated overhead services. Client-allocated services include, but are not limited to, fund accounting, loan operations, treasury services, tax services, operational risk management services, investor communications, human resources, technology services and facilities services. Clients are charged 100% for the cost of client-allocated personnel, 0% for the cost of non-allocated personnel and the *pro rata* allocated cost of personnel who perform both client-allocated and non-allocated overhead services. Based on the category of service provided, allocation of expenses requires judgment to determine whether the expense is to be allocated to us, to our client or split ratably between us and our client. Accordingly, this use of judgment creates a conflict of interest since it is both in our best interest and in our clients' best interest to pay less service expense. The shared services expense allocation process is detailed more fully in the client documents.

Other Expenses Associated with Advised Accounts

Our clients bear certain other fees, expenses and costs (in addition to the fees and expenses described above) that are incidental or related to the maintenance of an account or the buying, selling or holding of investments. As a result, these fees, expenses and costs are borne directly or indirectly by investors and, in certain circumstances, are paid to us and/or our affiliates. As applicable to each particular client, these fees, expenses and costs generally include, but are not limited to fees, expenses and costs relating to the following:

- (1) Organization cost, including all out-of-pocket costs and expenses incurred directly by our clients or for or on behalf of our clients by us or our affiliates in connection with the formation and capitalization of our clients, the offering of interests in our clients, and the preparation by our clients to commence business operations;

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- (2) internally or externally provided legal services; accounting, auditing, tax, and other services of independent certified public accountants; consulting, administration, and other third-party professional services;
 - (3) banking, custodial, trustee, record keeping, registered agent, and similar services;
 - (4) structuring, identifying, sourcing, negotiating, diligencing, researching, financing, purchasing, holding, monitoring, managing, valuing, obtaining credit ratings for, disposing of or exiting actual or prospective investments, and related environmental, social and governance matters;
 - (5) filing, title, transfer, and similar charges; and administrative, compliance or regulatory filings or reports (excluding client-related filings and reports attributable to our ongoing registration as an investment adviser);
 - (6) taxes and other governmental assessments against our clients; tax audits and similar proceedings; and services of the partnership representative for tax matters;
 - (7) meetings, communications, capital calls, distribution, defaults, or reports with, to, or of investors, including the preparation and distribution of financial statements, tax returns, and Schedules K-1;
 - (8) any web portal, extranet tools, computer software (including accounting, compliance, administration, investor reporting and investment opportunity tracking or allocation systems), or other administrative or reporting tools;
 - (9) any conflicts committee or other conflicts resolution procedure;
 - (10) actual or prospective indebtedness or guarantees, and all related fees and repayment of principal and interest;
 - (11) amendments and waivers of, consents under, and compliance with the client documents;
 - (12) actual or prospective transfers or other modifications of interests;
 - (13) the termination of clients or their subsidiaries;
 - (14) compliance and regulatory matters, including tax information exchange privacy, data protection, know-your-customer, anti-money laundering, sanctions, or anti-terrorism laws and protecting confidential information;
 - (15) indemnification or actual or threatened litigation, other dispute resolution processes, or governmental inquiries or investigations, including any judgments, fines, penalties, amounts paid in settlement, attorneys' fees and costs of investigation paid in connection therewith, subject to the limits on indemnification in client documents;

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- (16) insurance, including directors and officers liability, management liability, cybersecurity, errors and omissions liability, crime coverage, and general partner liability premiums, and related costs and expenses;
 - (17) alternative investment vehicles and feeder vehicles, to the extent that the fee, cost, expense, liability or obligation would be borne by our clients if related to our clients and is not charged to the participants in such vehicle;
 - (18) structuring or restructuring of our clients or their subsidiaries; and
 - (19) travel, lodging, meals or entertainment relating to any of the foregoing.

We invest client assets in shares of (or other interests in) pooled investment vehicles or affiliated operating companies, including mutual funds, hedge funds, CLOs and leveraged subsidiaries and exchange-traded funds. As discussed above, clients will typically incur additional expenses, such as advisory fees and other operating expenses, at the investment-vehicle level when the investments are made, which are in addition to any investment management fees and performance payments paid by such clients to us and our affiliates. Further, clients are permitted to engage in purchases and sales of investment vehicle shares for which commissions and other charges or fees are assessed.

For additional information about brokerage and other transaction costs, please refer to Item 12, “Brokerage Practices”.

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

As discussed in Item 5, “Fees and Compensation”, we receive allocations or fees based on the investment performance of certain clients. These performance payments could be up to 20% of the profits of the fund or account. Our performance-based arrangements are subject to Section 205(a)(1) of the Advisers Act, to the extent applicable. The Advisers Act and rules thereunder, including Rule 205-3, permit us to receive various types of performance payments from certain types of clients, including qualified clients, private investment funds relying on Section 3(c)(7) of the 1940 Act, non-U.S. persons and business development companies. We take steps to ensure that performance-based arrangements comply with applicable law.

Performance-based arrangements create an incentive for us to recommend investments that are more risky or more speculative than those that might be recommended under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher-paying accounts over lower-paying accounts in the allocation of investment opportunities. Additionally, under a performance-based structure, we generally benefit when capital gains are recognized and, because we determine when an investment is sold, we control the timing of the recognition of capital gains. Because our performance-based arrangements often contain a hurdle rate, there are incentives to use leverage and to invest in assets that would be likely to surpass the hurdle rate, which could result in our clients using excessive leverage and/or making riskier investments. Certain of us, our affiliates, our principals and/or personnel, own portions of affiliated pooled investment vehicles or operating companies in which clients invest or to which

we provide investment management services and could acquire interests in certain client accounts. This could create an incentive for us to favor those clients and client accounts and could create other conflicts of interest.

Our base management fee for advising our clients is generally calculated based on the gross assets of the respective client and its subsidiaries. Therefore, we benefit when clients incur debt or use leverage, and we typically control the amounts of debt or leverage that are used by clients. Certain client accounts exclude uninvested cash from the management fee calculation. In these cases, an incentive exists to make investments more quickly than we would if we were charging a management fee calculated based on the full value of the account, including uninvested cash, or on capital commitments. For additional information about the management fees, please refer to Item 5, “Fees and Compensation”.

Many of the assets in which we invest do not have readily observable values. As a result, we determine the fair value of these assets. If our determinations regarding the fair value of the investments are materially higher than the values that are ultimately realized upon the sale of such investments, the value of the portfolio investments could be affected. Because our compensation is based, in part, on valuations of assets and performance, there is an incentive to assign valuations that are higher than could be, or ultimately are, realized upon sale.

Conflicts of interest arise when we manage accounts that pay performance-based allocations or fees alongside accounts that do not pay such allocations or fees. Conflicts of interest also arise when we manage accounts that pay such allocations or fees at different rates or pursuant to different calculation methodologies (*e.g.*, high-water mark or hurdle rate). Conflicts of interest also arise where performance payments are reduced or eliminated, and obligations to return performance payments are incurred or increased, to different degrees due to differences in the performance of the various funds and accounts. In these circumstances, an incentive exists to allocate more favorable investment opportunities to, or otherwise for, accounts that pays us a performance-based component, accounts that are calculated in a manner more favorable to us, accounts for which we are not required to return or reduce any performance fees or accounts in which we, or an affiliate, have an ownership or other economic interest.

To address the conflicts of interest associated with the allocation of trading and investment opportunities, we adopted an investment allocation policy and trade allocation procedures that govern the allocation of portfolio transactions and investment opportunities across multiple advisory accounts. This policy requires us to treat each of our advisory clients in a manner consistent with our fiduciary obligations and prohibits us from favoring any particular advisory account because of our ownership or economic interests, or those of our affiliates, officers or employees, in such advisory accounts. Our allocation policy seeks to ensure that we allocate investment opportunities across accounts fairly and equitably over time based upon our policies and procedures. It is also designed to comply with exemptive relief granted to us in connection with co-investments. These conflicts and certain mitigants are discussed further in Item 11, “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”.

Item 7 – Types of Clients

We provide investment advisory and management services to business development companies, private investment funds, separately managed accounts, CLOs and pooled investment vehicles. Many of our clients invest some or all of their capital in other entities that we manage. The terms and conditions of client accounts vary depending on the type of services provided or the type of client, and these terms and conditions could vary even among similar clients receiving similar types of services. Furthermore, while we generally do not impose an investment minimum on our clients, certain clients, such as private investment funds, often impose investment minimums for investors in such funds. These investment minimums, if any, can be found in the applicable client documents. We reserve the right to reduce or waive any investment minimums that are required of investors.

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

Overview

In managing discretionary client accounts and providing recommendations to non-discretionary client accounts, we utilize various investment strategies and methods of analysis, as described below. This section also contains a discussion of the primary risks associated with these investment strategies, though it is not possible to identify all of the risks associated with investing. The particular risks applicable to each client account will depend on the nature of the account, its investment strategy or strategies and the types of investments held in the client account.

While we seek to manage client accounts so that the risks are appropriate to the return potential for the strategy, it is often not possible or desirable to mitigate fully all possible risks. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return will be achieved. Investors should understand that they could lose some or all of their investments and should be prepared to bear the risk of such potential loss.

Investors should be aware that, while we do not limit our advice to particular types of investments, mandates could be limited to certain types of investments (*e.g.*, corporate debt) and therefore not be diversified. Investors are responsible for appropriately diversifying their assets to reduce the risk of loss. Past performance is not necessarily indicative of future results, and all investors should be prepared to lose the value of their investments.

Methods of Analysis and Investment Strategies

We invest for our clients primarily in unitranche, senior and mezzanine loans, broadly syndicated loans and corporate debt securities, CLOs and securitization liabilities, pooled investment vehicles and public and private equity investments.

For the majority of our clients, we invest (directly, or indirectly through leveraged subsidiaries or CLOs) in loans to U.S. middle market companies. Investments in CLOs are typically in the junior tranches of Golub CLOs. Our non-domestic clients typically purchase middle market loans after they are structured and originated by domestic entities. For some clients, we also invest in broadly syndicated loans (directly or indirectly through CLOs,

warehouse facilities or total return swaps). We generally seek to purchase for our clients carefully selected, well-structured, high-quality, performing corporate loans and related investments at discounts to face value and at attractive yields to maturity. We also invest in opportunistic credit and securitization liabilities.

Our goal is to provide clients with attractive returns with less risk than many corporate fixed income alternatives, such as junk bonds and certain unsecured investment grade debt. However, there is no guarantee that we will be successful in achieving this goal.

We primarily make our investment strategies available through the clients we advise. The client documents for each client describe in more detail the specific investment strategies and guidelines for, and risks associated with, those clients.

To evaluate potential investments, we use a combination of analyses, including:

- fundamental analysis of a business's financial statements, health, management, competitive advantages, competitors and markets;
- cyclical analysis of opportunities in a given market based upon fluctuations due to seasonal, financial and economic factors;
- quantitative analysis of the relative risk-return characteristics of investments and a comparison of yields between asset classes and other indicators; and
- analysis of proprietary and secondary models to evaluate potential investments.

With respect to Golub CLOs, our clients generally purchase the junior interests of the CLO capital structure, using the CLO structure as an efficient means of obtaining leverage. We could also purchase a portion of the junior interests of the CLO capital structure to the extent required to comply with applicable law, including through OPAL (as defined in Item 10). With respect to CLOs managed by third parties, we seek to capitalize on market inefficiencies and determine where value lies within and across different asset classes. Our clients could also sell equity tranches of CLOs, and we could manage CLOs for external investors. Based upon a combination of bottom-up analysis of the individual investment and our expectations of future market conditions, we seek to assess the relative risk and reward for each investment. We seek to mitigate the risks of a single company or single industry through prudent portfolio diversification. Additionally, for each client, we assess the appropriateness of each investment.

We have the discretion to consider environmental, social and governance (“ESG”) factors in the investment decision-making process, in accordance with our ESG policy. In general, we seek to identify and assess ESG-related risk factors that we believe could materially impact the performance of potential investments, prior to making such investments. We typically evaluate the materiality of ESG-related risk factors based on our assessment of their potential contribution to the credit risk of the investment. Investment professionals are expected to highlight for the investment committee any material ESG-related risks identified in the due diligence process.

Investment Risks

Prospective investors should carefully evaluate the following considerations and other risks before making an investment. Investing involves the potential for loss, and not all risks can be mitigated. The client documents for each client describe in more detail the specific investment strategies, guidelines and risks of those clients.

Market for Transactions and Financing

Identifying and structuring debt and equity investments involves competition among capital providers and market and transaction uncertainty. There is no guarantee that we will be able to identify a sufficient number of suitable investment opportunities or to avoid prepayment of existing investments to satisfy our clients' investment objectives, including as necessary to effectively structure new CLOs, credit facilities, or subsidiaries with other forms of leverage, such as repurchase financings and total return swap transactions. On occasion, the investment opportunities could be too large to satisfy clients' desired position sizes, and we could, in some instances, be unable to locate counterparties to participate in such investment opportunities.

The loan origination market is very competitive, which could result in loan terms that are more favorable to borrowers and less favorable to our clients than current or historical norms, such as lower interest rates and fees, weaker borrower financial and other covenants and more extensive borrower default cure rights. Increased competition could result in the purchase of more loans that are "cov-lite" in nature, and, in a distress scenario, it is likely that these loans would not retain the same value as loans with a full package of covenants. For example, in a refinancing, existing loans with fewer protections could be subordinated and stripped of some of their protections, even if the holders of the existing loans are not afforded the opportunity to participate in the refinancing.

The financial markets have experienced substantial fluctuations in prices and liquidity for leveraged loans. Any disruption in the credit and other financial markets could have substantial negative effects on general economic conditions, the availability of required capital for companies and the operating performance of such companies. These conditions could also result in increased default rates and credit downgrades and affect the liquidity and pricing of the investments made by our clients. These difficulties will likely be more acute for more liquid credit investments, such as broadly syndicated loans. Conversely, periods of economic stability and increased competition among capital providers could increase the difficulty of locating investments that are desirable for our clients. From time to time, spreads widen. When spreads widen, there is often a lag before increased spreads are seen in loan pricing for middle market loans, and that delay could affect returns.

In the past several years, it has become more difficult to locate investments that are desirable for our clients. This difficulty could continue in the near term, and we could decide to make fewer investments, investments of different types or investments that might have lower return potential in response to these market conditions.

Analysis and Risk

Our investment strategy requires accurate and detailed analysis of issuers of underlying loans. There can be no assurance that our analysis will be accurate or complete. Our clients could be subject to substantial losses in the event of credit deterioration or bankruptcy of one or more issuers in their portfolios. While it is possible that certain of our clients will hedge credit risk, there can be no assurance that these hedges will be established or, if established, that the hedges will offset losses.

Private Debt

Private investments involve a high degree of financial risk. Our clients' investments could be unprofitable and substantial losses could occur. Private debt could be defaulted on by the borrower, and we could be unable to sell or otherwise liquidate client investments or be unable to do so at the optimal time or price. Therefore, it is possible that we will not realize our clients' rate of return objectives, and the return of capital to clients could be delayed or diminished. The debt in which we invest could be subordinate to other creditors' claims, which could impair its overall value.

Equity Investments

While our clients are generally credit focused, we could also make equity investments in companies on behalf of certain of our clients, separate and apart from a client's investments in CLO and other first loss interests. These equity investments typically represent minority ownership in an issuer and are subordinate to the claims of the issuer's creditors and, on occasion, to preferred equity holders. While most of our clients' equity investments are expected to be made alongside loans to a portfolio company, our clients could make equity investments in a company without making a corresponding loan to such company.

Equity investments can be more volatile than debt investments. The value of an equity investment is dependent on the performance of the issuer and will typically fluctuate based on the issuer's financial performance, market conditions, and overall economic conditions. Dividends paid to equity holders could be suspended or cancelled at any time, and minority owners often have limited protections. If a client holds equity in an issuer that later issues additional equity investments, our client's interest in that issuer will be diluted and the value of that investment could decrease. Accordingly, these types of equity investments can be highly speculative and carry a substantial risk of loss. Equity investments in CLOs and other first loss interests are subject to additional risks, which are described in greater detail below.

Equity investments are typically subject to other significant risks, including but not limited to, the risk that equity investments will have limited minority protections and the risk that the companies in which our clients hold equity interests will not create a liquidity event for such equity interests.

Equity investments often have other characteristics that require different structuring. As such, these investments are often made indirectly through blocker entities or otherwise.

Middle Market Company Exposure

Our clients often invest, directly or indirectly, in U.S. middle market companies, which involve a significant number of risks. For example, compared to larger companies, middle market companies often have shorter operating histories, newer technologies and/or products, quickly evolving markets, less experienced management teams and less predictable operating results and are often more reliant on a small number of products, managers or clients or subject to other individual company risks. Neither we nor our clients are expected to control any portfolio company's management or risk mitigation activities except in the event that a portfolio company defaults on its loans from our clients, and our clients seek to enforce their security interests or otherwise in a workout situation. In addition, middle market companies often require additional financing to expand or maintain their competitive positions, and they typically have a more difficult time acquiring additional capital than larger companies.

Private Equity Sponsor Risk

We are highly dependent on relationships with private equity sponsors. If these sponsors find new sources of debt capital that are more advantageous to them, or if we suffer reputational harm such that sponsors do not want to work with us, we could have difficulty finding and sourcing new middle market debt investments. Private equity sponsors could experience financial distress, which could be related or unrelated to the portfolio companies in which our clients invest. Once in financial distress, sponsors likely would be unable to provide the same level of managerial, operating or financial support to these portfolio companies, resulting in an increased risk of default by such portfolio companies.

Our clients could have exposure to private equity sponsor-controlled companies that have completed one or more dividend recapitalizations, thereby allowing such sponsors to substantially reduce or eliminate their net investments in underlying portfolio companies. These investments generally present different investment characteristics than investments where private equity sponsors retain significant net contributed capital positions in the underlying portfolio companies. These investments could experience a higher rate of default. Even when a default does not occur, a private equity sponsor could be less willing to provide ongoing financial support to a portfolio company after it has received one or more capital distributions on its investment.

Purchase price multiples of companies (as measured, in general terms, by the price paid by a private equity sponsor to purchase a company divided by the company's trailing twelve-month earnings) to which our clients have direct or indirect exposure are very high by historical standards. When determining the appropriate amount of financing to provide a prospective borrower, we consider the value cushion as measured by the difference between the enterprise value of the company and the total amount of financing. If market purchase price multiples decline or if a borrower to which our clients are directly or indirectly exposed experiences financial distress, the value cushion supporting our clients' investments could deteriorate and the investments could become impaired, resulting in losses for our clients.

Operation of Portfolio Companies upon Default

A relatively small number of portfolio companies of our clients have defaulted on their loans or are in a workout situation. Depending on factors such as the health of the economy, the credit cycle and the portfolio companies' various industries, it is reasonable to assume that additional portfolio companies will default over time, and this risk is significantly increased by the COVID-19 pandemic. In such circumstances, our clients will likely seek to enforce their rights under the applicable credit documentation and could opt to take over the portfolio companies. When a portfolio company is taken over, our clients and their investors are subject to different risks than they are as holders of interests in loans to the portfolio company. Operating a portfolio company, even for a limited period of time, could distract our senior personnel from their normal business activities. Additionally, defaulting portfolio companies often require additional capital to be effectively turned around. There is no guarantee that any defaulting portfolio company could be turned around or that our clients' investments in the portfolio company will be successful. Finally, operating a portfolio company could subject clients to potential liabilities, such as management, employment and environmental liabilities.

Idiosyncratic Risk

We seek to create diversified portfolios that, over time, should prevent portfolios from being overly exposed to idiosyncratic risk, which is risk that relates specifically to a particular asset. Our underwriting process further seeks to prevent our clients from making investments with identifiable and significant idiosyncratic risk. However, diligent underwriting and prudent diversification cannot eliminate all idiosyncratic risk. A portfolio could be adversely affected by exposure to multiple uncorrelated idiosyncratic risks. The underlying portfolio of loans to which many of our clients have exposure is expected to be diversified. However, many such clients are expected to have concentrated exposure to first loss interests in Golub Capital-managed CLOs and investment vehicles with credit facilities or other forms of leverage, including repurchase financings and total return swap transactions.

Credit and Default Risks

Credit risk refers to the likelihood that a borrower will default in the payment of principal and/or interest. Financial strength and solvency of a borrower are the primary factors influencing credit risk. Lack or inadequacy of collateral or credit enhancement for a debt instrument could affect a borrower's credit risk. Credit risk could change over the life of a loan, and cause loans that are rated by rating agencies to be downgraded.

A significant downturn in the economy or a particular economic sector could have a significant impact on the business prospects of the companies to which our clients are exposed, whether directly or indirectly. These developments could adversely affect the ability of such companies to comply with their loan repayment obligations. It is possible that the issuer of a note or other instrument in which one or more of our clients invests could default on its debts, in which case, the clients could lose most or all of their investments in that instrument, subjecting such clients to significant loss. The risk and magnitude of losses associated with defaults could be increased where the instrument is leveraged, including when held indirectly through a holding company. Since clients often obtain leverage indirectly through CLOs, the risk return profile of

the underlying loans will be different, beneficially or detrimentally, than it would be if the underlying loans were held directly by the client.

Interest Rate Risk

Interest rate risk refers to the risk of market changes in interest rates. Interest rate changes affect the value of debt. In general, rising interest rates will negatively impact the price of fixed rate debt, and falling interest rates will have a positive effect on price. Adjustable rate debt also reacts to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally larger and less predictable in debt with uncertain payment or prepayment schedules. Further, rising interest rates make it more difficult for borrowers to repay debt, which could increase the risk of repayment defaults.

Currency Exchange Risks

Currency exchange risk refers to the risk of fluctuations in exchange rates between the U.S. dollar and foreign currencies of non-U.S. investors or in which certain underlying loans are denominated. The functional currency of our client accounts is the U.S. dollar. Accordingly, non-U.S. investors will be subject to the risks associated with fluctuations in currency exchange rates between the U.S. dollar and their national currencies, which fluctuations could adversely affect the non-U.S. investor's investment performance. Additionally, while we do not currently anticipate that a material portion of the underlying loans in which our clients indirectly invest will be denominated in foreign currencies, we do expect the volume of underlying loans that are denominated in foreign currencies to grow over time. Any such underlying loans that are denominated in foreign currencies will be subject to the risks associated with fluctuations in currency exchange rates, which fluctuations could adversely affect the performance of such investments.

Risks Associated with Hedging Transactions

From time to time, our clients, the underlying holding companies or other investment vehicles partially hedge against risks, including interest rate risks, credit risks and currency risks. Accordingly, our clients can engage in a variety of hedging transactions, including through the use of total return swaps and other swap agreements, repurchase transactions, derivatives and synthetic instruments. While such methods could reduce these risks, they are not designed to prevent all loss from our clients' positions. There could be barriers that prevent clients from entering into certain hedging transactions. Hedging could result in a poorer overall performance for our clients than if hedging transactions had not been executed and generally introduces new risks, such as counterparty risk, and greater illiquidity. In addition, certain clients, their holding companies or other investment vehicles are permitted to borrow funds in one or more foreign currencies as a form of protection against currency fluctuations. The use of alternative forms of financing could create new risks not traditionally associated with credit facilities or other forms of leverage. Conversely, to the extent that our clients, the underlying holding companies or other investment vehicles do not enter into such hedging transactions, borrower defaults and fluctuations in currency exchange rates or interest rates could result in a poorer overall performance for our clients than if these hedging transactions had been executed.

General Risks of Lending and Loan Origination

The value of our clients' investments in loans (and also each investor's interest in such client) will likely be detrimentally affected to the extent a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. We attempt to minimize this risk, for example, by maintaining a low loan-to-liquidation value for each loan and the collateral underlying the loan. However, there is no assurance that the values we assign to collateral underlying a loan in which our clients participate can be realized upon liquidation, nor can there be any assurance that such collateral will retain its value. In addition, certain of our clients' loans will be supported, in whole or in part, by guarantees made by the borrower or an affiliate of the borrower. If a guarantee is called, and the guarantor fails to meet its obligations under a guarantee, the amount realizable with respect to a loan could be detrimentally affected. There can be monetary and time costs involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral. In addition, while we seek to minimize such risk, any activity deemed to be active lending/origination could subject our clients to additional regulation and subject some clients and their investors to possible adverse tax consequences.

Issuer Risk

If the issuer of equity or debt purchased by our clients does not perform to market expectations, the value of such investments would be expected to decline, and the issuer could default on its obligations. Poor performance could be caused by a number of factors, including failures of management, competitive pressures, pressure by customers and suppliers, labor unrest, or force majeure events such as the current COVID-19 pandemic. Force majeure events are described in more detail in the section titled "*Force Majeure*".

Bankruptcy Risk

Leveraged companies could experience bankruptcy or similar financial distress, and the risk of these events has been significantly increased by the COVID-19 pandemic. The bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are products of contested matters and adversarial proceedings and are beyond the control of the creditors. A bankruptcy filing by an issuer could have adverse and permanent effects on the issuer. If the proceeding is converted to a liquidation, it is possible that the value of the issuer will not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment could be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs of a bankruptcy proceeding are frequently high and are paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, our clients' influence with respect to the class of investments or other obligations it owns could be reduced by increases in the number and monetary value of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that could be made. In addition, certain claims that have priority by law (for example, claims for taxes) could be substantial.

With respect to investments in, or held through, CLOs or other leveraged subsidiaries, bankruptcy risk could be further complicated.

Lender Liability and Equitable Subordination

A number of judicial decisions have upheld judgments for borrowers against lending institutions on the basis of various legal theories, collectively termed “lender liability”. Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing or a similar duty owed to the borrower, or has assumed an excessive degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Our clients could be required to defend allegations of lender liability from time to time.

Loans to companies operating in workout modes or under Chapter 11 of the United States Bankruptcy Code are, in certain circumstances, subject to certain potential liabilities that could exceed the amount of such loan purchased by our clients (or a holding company or other investment vehicle). Under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court could elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination”. Because of the nature of these loans, the loans could be subject to claims of subordination.

Fraud or Misrepresentation

Any investment in an issuer carries the risk that the issuer will make a material misrepresentation or omission in connection with the investment. Such inaccuracy or incompleteness could adversely affect, among other things, the valuation of collateral underlying loans or other debt obligations, the ability of our clients (or holding companies or other investment vehicles) to perfect or effectuate a lien on the collateral securing a loan or other debt obligation, the financial condition of the issuer, or the business prospects of the issuer. Our clients, as well as holding companies and other investment vehicles through which our clients often obtain indirect leveraged exposure to the underlying obligors or issuers of underlying loans, will rely upon the accuracy and completeness of representations made by the underlying obligors or issuers to the extent reasonable. However, there can be no guarantee that these representations are accurate or complete.

Prepayment Risk

Certain fixed-income investments are subject to the risk of unanticipated prepayment. Prepayment risk is the risk that, when interest rates fall, the issuer will redeem the security prior to the security’s expected maturity. It is possible that a fund client, or a CLO or investment

vehicle with a credit facility or other form of leverage, such as a repurchase financing or total return swap transaction, will reinvest the proceeds from such a redemption at a lower interest rate, resulting in less income to such fund client, CLO or investment vehicle. Investments subject to prepayment risk generally offer less potential for gains when prevailing interest rates fall. If a client buys those assets at a premium, accelerated prepayments on those assets could cause such client to lose a portion of its principal investment. The impact of prepayments on the price of a security could be difficult to predict and could increase the security's price volatility.

Concentration Risk

The interests of our clients could be impaired by the concentration of its investments in any one obligor or obligors in a particular industry or geographic location in the event that such obligor, industry or geographic location were to experience adverse business conditions or other adverse events. In addition, defaults could be highly correlated with particular obligors, industries or geographic locations. If loans involving a particular obligor, industry or geographic location represent more than a small proportion of a client's portfolio, and that obligor, industry or geographic location were to experience difficulties that would affect payments on the loans, the overall timing and amount of collections on the loans held by such client could differ from expectations. As noted above, our clients invest a substantial portion of their assets in first loss interests in CLOs and investment vehicles with credit facilities and other forms of leverage, including repurchase financings and total return swap transactions. Further, our clients are expected to have significant exposure to certain industries.

Debt –Subordinated Debt Risk

Our clients could have levered exposure on a direct or indirect basis to a variety of debt that captures particular layers of a borrower's credit structure, such as "last out" or "second lien" debt, or other subordinated investments that rank below other obligations of the borrower in right of payment, including first-loss interests that bear substantial risk. Subordinated investments are subject to greater risk of loss than senior obligations where there are adverse changes to the financial condition of the borrower or a decline in general economic conditions. Subordinated investments could expose a client to particular risks in a distress scenario, such as the risk that creditors are not aligned. Holders of subordinated investments generally have less ability to affect the results of a distressed scenario than holders of more senior investments. Additionally, loans to companies operating in workout modes are, in certain circumstances, subject to potential liabilities that could exceed the amount of the loan purchased by a client.

Debt –Illiquidity and Volatility

The debt that we invest in for our clients, directly or indirectly, consists predominantly of loans and notes that are obligations of entities such as corporations and partnerships. This debt often has no, or only a limited, trading market. Although our clients generally hold much of their debt until maturity, the investment in illiquid debt could restrict the ability to dispose of investments or restrict the ability to do so in a timely fashion or for a fair price. If an underlying issuer of debt experiences a credit event, this illiquidity could make it more difficult for our

clients to sell the debt, and we could be required to pursue a workout or alternate way out of the position.

Debt – Assignments and Participations

We could also invest, on behalf of our clients, in loans (including through a holding company or other investment vehicle) either directly (e.g. by purchase from the borrower or by assignment) or indirectly (e.g. by way of a participation interest). Holders of participation interests in loans are subject to additional risks not applicable to holders of direct interests in loans, such as the additional credit risk of the counterparty, the lack of voting rights and the lack of direct enforcement rights in connection with a loan default. Loans, whether held directly or by way of participation, could be held through a holding company or a vehicle such as a leveraged subsidiary or CLO.

Investment in CLOs

Our clients could also invest in leveraged subsidiaries and CLOs, and many of our clients invest a significant portion of their assets indirectly through leveraged subsidiaries and in CLO junior interests. For more information on the risks involving CLOs, please see the section entitled “*Risks of Investments in CLOs*”. A CLO is typically a bankruptcy-remote securitization entity that owns debt (such as commercial loans and bonds). Typically, our clients invest in the junior, unrated or most subordinated (i.e., first-loss) tranches of Golub CLOs that own middle market or broadly syndicated loans. However, our clients could sell these tranches of CLOs to third parties, and when they do, we are effectively managing a third-party CLO. We could also set up a CLO as a third-party de novo CLO. Investors could purchase different tranches of the CLO entity’s capital structure, thereby exposing themselves to different risks of principal and interest repayment. Clients invested in CLO securities rely on payments made from the underlying asset pools of the CLOs, and clients invested in CLOs do not have direct claims on the underlying assets of the CLOs. If proceeds of the underlying asset pools are not large enough to provide payments on the securities in which our clients invest, our clients could lose money. In rare occasions, a trustee or the investors could remove us as the CLO manager. In an event of default, the trustee could liquidate the CLO, but if the trustee does not, payment on CLO securities other than the most senior securities is likely to be deferred and the CLO likely will be unable to exercise additional remedies under the CLO entity documentation without the direction or consent of the most senior class of CLO securities. In addition, the value of the underlying collateral in the asset pools could decrease in value. CLO securities could have a limited market or no market, and we could, at times, be unable to sell such securities or be unable to do so at favorable prices. The more senior CLO tranches are typically rated by independent ratings agencies, whose ratings could be inaccurate. Additionally, rating agencies could be subject to increased regulatory scrutiny and could take negative actions with respect to such CLO tranches or the loans owned by such CLOs. The CLO tranches could also suffer rating downgrades, which could cause an event of default or otherwise negatively affect the value of CLO securities. Domestic and international regulators have recently increased their focus on CLOs, especially in the area of risk retention, and compliance with these risk retention rules could reduce the return on CLO investments.

We have an incentive to devote resources, time and attention to investments or business lines based on the possibility of earning fees or other benefits associated with these investments or business lines. Specifically, there is an incentive to undertake CLO securitizations in which a third party owns a portion of the junior interests in the CLOs where we or our affiliates receive management and other fees associated with managing the CLOs. Sales of residual interests in CLOs by our clients have recently become more common and could further increase in frequency. There is an incentive to increase such sales to develop a source of revenue from our and our affiliates' CLO management activities.

Leverage

We invest client assets in a manner that subjects clients to the financial risks of leverage. Although not all assets will be levered, portfolio investments financed with or involving leverage, including underlying or embedded leverage, could have increased exposure to risks, including adverse fluctuations in interest rates, downturns in the economy and the inability to refinance debt as it matures. A substantial portion of clients' assets could consist of junior interests in CLOs. CLOs have leverage embedded in their structures, which could affect the risk and return profile of various tranches of these structures. While leverage presents opportunities for increasing clients' total return, it also has the potential to increase losses. Accordingly, any event that adversely affects the value of a client's investment would be magnified to the extent the client's account uses leverage. Such events could result in a substantial loss to client accounts that would be greater than if leverage had not been utilized in managing the account.

In addition, the investment objectives of our clients are dependent on the continued availability of leverage at attractive relative interest rates, including in connection with loans from us, our employees, relevant parties (as defined in Item 10) and/or certain of our clients. These loans are typically made to our clients for operational ease, to bridge the time period before capital calls are met by investors, to ensure timely funding of negotiated investments and/or to assist with loan origination and seasoning. The terms associated with any these loans, including the interest charged, shall, in the aggregate, be no more favorable to us, our employees, the relevant parties and/or the clients providing the loans than could be obtained in an arm's-length transaction. If our clients are unable to obtain this leverage or if the interest rates of such leverage are not attractive, our clients could experience diminished returns.

The number of leverage providers and the total amount of financing available could decrease or remain static. Certain clients could, directly or through subsidiaries, have concentrated exposure to a small number of financing providers, such as CLO market investors and commercial lenders. This could result in these clients being dependent on the continued availability of capital from a concentrated number of financing providers. Consequently, available financing could be more expensive or on terms that are less desirable than in an environment with a larger number of leverage providers.

Use of Subsidiaries

A substantial portion of the investments we make on behalf of our clients is made through subsidiaries, and new clients often invest in existing subsidiaries. These subsidiaries

could be created for reasons such as leverage, liability management, compliance with Section 15G of the Securities Exchange Act of 1934, as amended by Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “U.S. Risk Retention Rules”), along with similar rules applicable in the European Union (the “EU Risk Retention Rules”) and the United Kingdom (the “UK Risk Retention Rules” and, together with the U.S. Risk Retention Rules, the EU Risk Retention Rules the risk retention rules in any other applicable jurisdiction, the “Risk Retention Rules”), capital diversification, capital availability and/or tax. Investments made indirectly through subsidiaries bear risks that direct investments do not bear. For example, indirect investments are structurally subordinate to direct investments in a bankruptcy or workout scenario. In addition, subsidiaries often have duration, term or liquidity characteristics that differ from those of a client, which could affect such client’s ability to receive capital or income distributions or in-kind distributions. We and our clients are also dependent on the CLO market and asset-backed lending market for future leverage of the portfolio of subsidiaries. If the CLO market was unavailable for an extended period of time our clients could experience diminished returns.

Other Financing Arrangements

Certain clients are permitted to utilize financing transactions, such as total return swaps, where the client or its subsidiary sells an asset (the “Financed Asset”) to a counterparty with the intent of repurchasing the Financed Asset at a later date. As part of the transaction, the client or its subsidiary would be contractually entitled to principal and interest payments on the Financed Asset from the counterparty. However, the client or its subsidiary would generally have no rights against the obligor of the Financed Asset under the terms of the applicable loan agreement. As a result, the client or its subsidiary would assume the credit risk of the counterparty, as the legal owner of the Financed Asset, as well as the obligor of the Financed Asset. In the event of the insolvency of the counterparty, the client or its subsidiary could be treated as a general unsecured creditor of the counterparty.

Certain clients and their subsidiaries (including holding companies) typically use the proceeds of credit facilities or other forms of leverage, including total return swaps or repurchase financings, to finance the ownership of first loss interests or senior tranches of CLOs. These financings often have constraints that are different from, and in addition to, the typical terms of a credit facility, as described above. For example, such financing transactions could have maturity dates that are scheduled to occur prior to the maturity of the Financed Assets. In addition, in such financing transactions, a client or its subsidiaries could be required to provide collateral or other credit support to the counterparty on an expedited basis. If a client or its subsidiary were to fail to fulfill its obligation under such financing transaction, the counterparty could attempt to exercise its remedies, which could adversely impact the client. These requirements could have an impact on the manner in which we manage the cash balances of these clients and their subsidiaries.

In addition, certain clients or their subsidiaries (including certain holding companies) have and are permitted to pursue other financing strategies. These financing strategies include the issuance of unsecured bonds. The characteristics of such transactions differ from the CLOs

and other typical forms of leverage currently and historically used by many of our clients and their subsidiaries. For example, the client or subsidiary could need to obtain a credit rating from a nationally recognized statistical rating organization, which could restrict the client, holding company or its subsidiary's operations. If so, the client, holding company or subsidiary and, ultimately, our clients and their investors who are exposed to the holding company or subsidiary could be adversely affected.

Multiple Feeder Master Fund Structure

Some of our clients are primarily invested in a structure that is similar to a master fund, where many of our other clients act as feeders. This structure provides an efficient method for our clients to access a diversified and leveraged preexisting portfolio of investments. An investor in this structure will have exposure to existing investments owned by the structure, including CLO investments and investments experiencing financial distress, in addition to new investments acquired by the clients' subsidiaries. A client could own a minority position in this structure, and its relative interest could increase or decrease over time as the ownership position of the structure's other investors changes. To that end, a client's risks and returns could be dependent on investments made in the structure as a result of the capital invested by new feeder clients. Capital is called at our discretion, and capital for a later feeder client could be called before an earlier feeder client's capital is fully or almost fully called. A client's ability to pay distributions to its underlying investors could be affected by the ability of various subsidiaries to sell loans to third parties, deleverage an existing CLO, or create new feeder clients. Similarly, proceeds from a client's investments could be used to pay distributions to an earlier client.

Because the underlying investments held by the structure are illiquid, it could be difficult for the structure to timely meet redemption requests made by a client, which would affect such client's ability to make distributions or wind down at the end of its term.

Risks Related to Strategic Transactions

Our clients and related holding companies and other subsidiaries could engage in any number of strategic transactions, including, without limitation, acquisitions, divestitures, joint ventures, new business formations, restructurings, launches of new investment fund strategies and structures, restructurings/reorganizations, mergers and listings of public interests of client accounts or subsidiaries. In particular, we could launch one or more investment funds that invest alongside certain of our private investment fund clients, such as a co-investment fund that would invest alongside such clients by acquiring the first loss interests of broadly syndicated loan CLOs that would otherwise be sold to third parties, or that even pursue a strategy that is different than what we have historically focused on, such as a private equity fund of funds. Additionally, we could sell stakes in our management companies or other affiliates or acquire stakes in other asset managers, service providers or investment vehicles. While we do not presently anticipate engaging in any material strategic transactions, we could do so in the future. Strategic transactions are subject to many risks, such as the risk that the transaction is not successful in meeting its strategic goals, the risk that the transaction diverts our attention from the core investment activities of our clients or the risk that our management team is not successful in developing and operating the underlying business involved in the strategic transaction.

Valuation Policy and Risks

Many of our clients' investments are in instruments that are not publicly traded. The fair value of instruments that are not publicly traded could be difficult to determine (including junior and other interests in CLOs), and we value these instruments at fair value in good faith. Valuations of private investments and private companies require judgment, are inherently uncertain, could fluctuate and are frequently based on estimates and not readily observable values. Our determinations of fair value could differ materially from the values that would have been used if an active market for these investments existed. If our determinations regarding the fair value of the investments are materially higher than the values that are ultimately realized upon the sale of the investments, the returns to our clients would be adversely affected. Because our compensation is based, in part, on valuations of assets and performance, there is an incentive to assign valuations that are higher than could be, or ultimately are, realized upon sale.

Our fair value methodology is in accordance with the fair value principles established by the Accounting Standards Codification Topic 820. We use the services of independent service providers to review our valuations of illiquid investments. Valuations reflect significant events that affect the value of the instruments. The factors that we consider in determining the fair value of investments generally include the following, as appropriate:

- a comparison to publicly-traded securities, including yield, maturity and measures of credit quality;
- the enterprise value of a portfolio company;
- the nature and realizable value of any collateral;
- the portfolio company's ability to make payments and its earnings and discounted cash flow;
- the markets in which the portfolio company does business; and
- any other relevant factors that we determine.

The fair value measurement seeks to approximate the price that would be received for an investment on a current sale and assumes that the transaction to sell an asset occurs in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset, which could be a hypothetical market, and excludes transaction costs. When an external event such as a purchase transaction, public offering or later equity sale occurs, we will consider the pricing indicated by the external event in determining the fair value of the investment. However, because orderly markets currently do not exist for some investments, and because valuations, and particularly valuations of private investments and private companies, require judgment, are inherently uncertain, could fluctuate over short periods and could be based on estimates, our determinations of the fair value of investments could differ materially from the values that would have been used had a ready market existed for such investments.

Diverse Investor Groups

The investors in any client that is a pooled investment vehicle will likely have conflicting investment, tax or other interests with respect to their investments in the client. The conflicting interests of these investors could relate to or arise from, among other things, the nature of investments made by the client, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest are likely to arise in connection with decisions we make, including in respect of the nature or structuring of investments that would be more beneficial for one investor than for another. In selecting and structuring investments appropriate for a client, we endeavor to consider the investment and tax objectives of the client and its investors as a whole, and not the investment, tax or other objectives of any investor individually.

Valuation of CLO Investments

Our clients invest substantially in CLO junior interests and other types of secured financing vehicles. However, for purposes of valuing the assets of a holding company, to the extent the CLOs or subsidiaries are consolidated with the holding company, we do not separately value the CLO junior interests held by the holding company. Instead, in accordance with U.S. GAAP, the underlying loans held by the CLOs (and other subsidiaries) are valued on a consolidated basis. As such, the value of the assets of a holding company is determined by valuing the underlying loans held directly and indirectly by the holding company, including underlying loans held by CLOs and subsidiaries, and subtracting the fair value of the outstanding debt owed, including debt issued to third parties by CLOs and subsidiaries (which third-party debt could be valued on the basis of the principal balance of the debt or the fair value of the debt, although we typically elect to value the debt on a fair value basis). There can be no assurance that the valuation of underlying loans held by such CLOs and subsidiaries will not differ materially from the fair value of the CLO junior interests or that this difference will not have a material adverse effect on the client.

General Economic and Market Conditions

The success of our clients is affected by general economic and market conditions, including interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and trade barriers. These factors could affect the level and volatility of asset prices and the liquidity of investments. Volatility or illiquidity could impair profitability or result in losses. These factors could also affect the availability or cost of leverage, which could result in lower returns.

Global Investments

We invest some client assets in the debt, loans or other investments in issuers located outside the United States. Investments in issuers located outside the United States that are generally denominated in non-U.S. currencies involve both risks and opportunities not typically associated with investing in United States companies. Many financial markets are not as developed or as efficient as those in the United States. As a result, the liquidity for these

investments could be lower and price volatility could be higher compared with investments in U.S. issuers. The legal and regulatory environments often have material differences, particularly as to bankruptcy and reorganization. Financial accounting standards and practices could differ, and there could be less publicly available information for such companies. In addition to business uncertainties, these investments could be affected by political, social and economic uncertainty affecting a country or region, including fluctuations in exchange rates and changes in exchange control regulations, political and social instability, general economic conditions, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Political Uncertainty

U.S. and non-U.S. markets could experience political uncertainty and/or change that subjects investments to heightened risks, including the risks related to the effect of the COVID-19 pandemic on world leaders and governments. These heightened risks could include, but are not limited to: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic and political instability (including the risk of war or terrorist activity); greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and market participants; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital and on the ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (*i.e.*, a market freeze); unavailability of currency hedging techniques; and slower clearance. During times of political uncertainty, global markets often become more volatile. There also could be a lower level of monitoring and regulation of markets while a country is experiencing political uncertainty, and the activities of investors in such markets and enforcement of existing regulations could become more limited. Markets experiencing political uncertainty could have substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates typically have negative effects on countries' economies and markets. Tax laws could change materially, and any changes in tax laws could have an unpredictable effect on both clients and investments. There can be no assurance that political changes will not cause clients to suffer losses.

Government Intervention in the Credit Markets

The central banks and, in particular, the U.S. Federal Reserve, have taken unprecedented steps since the financial crises of 2008-2009 and the beginning of the COVID-19 global pandemic. It is impossible to predict if, how, and to what extent the United States and other governments will further intervene in the credit markets. Such intervention is often prompted by politically sensitive issues involving, for example, family homes, student loans, real estate speculation, credit card receivables, and pandemics, and could, as a result, be contrary to what we would predict from an "economically rational" perspective.

On the other hand, recent governmental intervention could mean that the willingness of governmental bodies to take additional extraordinary action is diminished. As a result, in the event of near-term major market disruptions, like those caused by the COVID-19 global pandemic, there might be only limited additional government intervention, resulting in correspondingly greater market dislocation and materially greater market risk.

Concerns Regarding a Downgrade of the U.S. Credit Rating

For various reasons, financial services companies have in the past lowered their long-term sovereign credit rating on the federal government of the United States. Any such downgrade in the future could have material adverse impacts on financial markets and economic conditions in the United States and throughout the world. As a consequence, the market's anticipation of these impacts could have a material adverse effect on the financial condition and liquidity of our clients and the portfolio companies in which our clients invest. The ultimate impacts on global markets and the business, financial condition and liquidity of each of our clients and the portfolio companies in which our clients invest are unpredictable and will probably not be immediately apparent.

Potential Implications of Brexit

On January 31, 2020, the United Kingdom ended its membership in the European Union ("Brexit"). The longer term economic, legal, political and social implications of Brexit are unclear at this stage. Brexit is likely to lead to ongoing political and economic uncertainty and periods of increased volatility in both the United Kingdom and in wider European markets for some time. In particular, Brexit could lead to calls for similar referendums in other European jurisdictions, which could cause increased economic volatility in the European and global markets. This mid- to long-term uncertainty could have adverse effects on the economy generally and on the ability of our clients to earn attractive returns. In particular, currency volatility could mean that our clients' returns are adversely affected by market movements and could make it more difficult, or more expensive, for us to execute prudent currency hedging policies. Potential decline in the value of the British Pound and/or the Euro against other currencies, along with the potential further downgrading of the United Kingdom's sovereign credit rating, could also have an impact on the performance of certain investments made in the United Kingdom or Europe.

Force Majeure

We, our clients and the portfolio investments our clients invest in could be affected by force majeure events. Force majeure events include events beyond the control of the party claiming that the event has occurred, such as acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, and cyberattacks. Some force majeure events could adversely affect the ability of a party (including us, a client, a portfolio company or a counterparty to us, a client or a portfolio company) to perform its obligations until it is able to remedy the force majeure

event. In addition, force majeure events, such as the cessation of the operation of equipment for repair or upgrade, could similarly lead to the unavailability of essential equipment and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, including to one of our senior managers, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or a client of repairing or replacing damaged assets resulting from such force majeure event could be considerable. It will not be possible to insure against all such events, and insurance proceeds received, if any, could be inadequate to completely or even partially cover any loss of revenues or investments, any increases in operating and maintenance expenses, or any replacements or rehabilitation of property. Certain events causing catastrophic loss could be either uninsurable, or insurable at such high rates as to adversely impact us, our clients, or portfolio companies, as applicable. Force majeure events that are incapable of or are too costly to cure could have permanent adverse effects. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a negative impact on the world economy and international business activity generally, or in any of the countries in which our clients invest specifically. Such force majeure events could result in or coincide with any of the following: increased volatility in the global securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; less governmental regulation and supervision of the securities markets and market participants and decreased monitoring of the markets by governments or self-regulatory organizations and reduced enforcement of regulations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell investments or otherwise settle security or derivative transactions (*i.e.*, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which could last many years and have substantial negative effects on credit and securities markets and the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to our clients and the investors in these clients, including if the investment in such portfolio companies is canceled, unwound or acquired. Any of the foregoing could therefore adversely affect us and the performance of our clients and their investments.

In December 2019, a novel strain of coronavirus, COVID-19, was identified in Wuhan, China, and it has spread globally. On January 30, 2020, the World Health Organization declared a global emergency. As of the present day, infections continue to fluctuate in many countries, including the United States. At various times during the course of this pandemic, orders have been issued and lifted restricting movement within a number of large metropolitan areas, including in some instances orders to shelter in place. While the United States and other countries have launched extensive COVID-19 vaccination programs, orders restricting movement or to shelter in place could still occur throughout the year 2021 and beyond.

The outbreak of COVID-19 and its related negative public health developments have adversely affected workforces, customers, suppliers, economies and financial markets globally. While widespread vaccination programs could reduce the spread of COVID-19, mutating strains of the virus or the lack of access to the vaccine could result in new and unpredictable economic downturns and additional waves of the disease. This could affect operations of our business, including by harming our ability to manage and conduct the affairs of our clients. In addition, our clients' direct and indirect portfolio investments have been adversely impacted by the COVID-19 pandemic, including by supply disruptions, decreases in consumer demand, loss of personnel either to sickness or movement restrictions, and the resulting global market and economic disruptions. These adverse effects have caused, and could continue to cause, a loss in value of our clients' investments, adversely affecting investors. The outbreak has also led to significant interest rate reductions by the Federal Reserve, including dropping certain rates to near zero, and market uncertainty, which could also have a materially adverse effect on our clients as described elsewhere herein. New waves of the disease could cause certain rates to fluctuate further or to drop again to near zero.

Given the ongoing and dynamic nature of the circumstances, the extent of the impact of COVID-19 on us and our clients will depend on future developments, which are highly uncertain and cannot be predicted. For example, the COVID-19 pandemic has caused governments, including in the United States, to adopt massive stimulus programs, and additional stimulus programs are likely to be adopted in the future. Even as the pandemic abates and vaccinations become accessible, the United States and other countries could continue to have high levels of unemployment, and, as a result, these countries could face severe economic downturns. The effects that any of these events could have on the economy, the markets, our businesses and our clients' investments or returns are uncertain.

Potential Use of Irish Collective Asset Management Vehicles

Certain of our private investment fund clients will likely invest through holding companies formed under the laws of Ireland as Irish Collective Asset-Management Vehicles (such vehicles, "ICAVs"). Potential benefits associated with ICAVs could include additional tax exemptions for these clients and their holding companies, greater availability of capital for loan origination activity, and increased operational efficiency for these clients and their holding companies and subsidiaries.

Potential risks associated with ICAVs include the failure of an ICAV to qualify for treaty benefits, or otherwise become subject to tax in Ireland or the United States, on its net income. Payments by ICAVs could become subject to withholding in Ireland as a result of a change in law or a failure to meet an applicable exemption. Investments in an ICAV could be affected by other factors, including nationalization, expropriation without just compensation, exchange control, confiscatory taxation, political changes, governmental regulation or social and political instability. Any potential benefit of the ICAV structure could be offset, or more than offset, as a result of these developments.

Availability of Financing from the Advisers

Clients rely on loans from us and our affiliates as part of the clients' strategy and can be charged interest on such loans. Neither we nor our affiliates are obligated to extend these loans to clients, and these loans could be made available to clients in different amounts or on different economic terms than are made available to other funds affiliated with us. In the event that a client is required to find third-party financing in place of or in addition to loans from us and our affiliates, it could be on less favorable economic terms than loans from us, which could reduce the client's returns. For a discussion of certain conflicts of interest related to these activities, please refer to Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading".

Illiquidity of Investments

The debt to which a client is primarily exposed through its junior interests in CLOs consists predominantly of loans and notes that are obligations of corporations, partnerships or other entities. This underlying debt often has no, or only a limited, trading market. A client will generally indirectly, through its interests in CLOs, maintain leveraged exposure to much of its middle market debt until repayment. However, investment in illiquid debt, as well as the terms of the subsidiary or CLO through which the debt is held, could restrict the ability of the CLO or subsidiary to dispose of investments or its ability to do so in a timely fashion, for a fair price, or at all. If an underlying issuer of debt experiences an adverse event, this illiquidity would make it more difficult to sell the debt, and the client could instead be required to pursue a workout or alternate way out of the position. The CLO or subsidiary could have limited control over a workout or alternate means of disposition. When this occurs the person(s) having such control could have and act in accordance with interests that are not aligned with those of the client, even in circumstances where we are the party exercising such control.

Certain of our clients could invest opportunistically in other securities that are either thinly traded or for which an active trading market does not exist. As with junior interests in CLOs, this illiquidity could restrict our client's ability to dispose of these investments in a timely fashion, at a fair price, or at all. In addition, adverse events affecting the issuers of these securities could cause the trading price of those securities to fluctuate more than would otherwise be expected for an actively traded security, which could adversely affect the value of the client's portfolio.

Investments in Companies in Regulated Industries

Clients (directly or through a holding company, CLO or other subsidiary) could invest in issuers that are subject to governmental and non-governmental regulations, including by federal and state regulators and various self-regulatory organizations. Companies participating in regulated activities could incur significant costs to comply with these laws and regulations. If a company in which a client directly or indirectly invests fails to comply with an applicable regulatory regime, it could be subject to fines, injunctions, operating restrictions, reputational damage, or criminal prosecution, any of which could materially and adversely affect the value of the client's investment.

Risks of Investments in CLOs

Impact of Securitization on a Client's Interest in Loans

Loans that are held directly by a client or a subsidiary could later be contributed or sold to a CLO in connection with a securitization. Once held by a CLO, the underlying loan is no longer a direct investment and the risk-return profile is altered. In general, rather than holding interests in underlying loans, securitization results in the client holding junior interests in CLOs, with such CLOs having legal title to the underlying loans.

Investments in the Form of Highly Subordinated CLO Securities

A substantial portion of clients' investments are made through holding companies or subsidiaries. For purposes of the Risk Retention Rules, principals of the Advisers or their affiliates hold a controlling financial interest or majority stake in certain of these subsidiaries. A client's investments could be comingled with investments from other clients that we manage or our affiliates. In turn, a holding company or subsidiary could make investments primarily in junior interests in CLOs composed of pools of middle market and broadly syndicated loans. The holding company or subsidiary in this structure typically owns all or a majority of the junior interests of the CLOs it uses to finance its investments in middle market and broadly syndicated loans. Therefore, a substantial portion of many clients' investments (indirectly through holding companies or subsidiaries) will be in the form of highly subordinated CLO securities.

These highly subordinated CLO junior interests or "equity", which occupy a first-loss position, are typically in the form of residual interests, such as subordinated notes, income notes, membership interests, common stock or preference shares issued by the relevant CLO issuer or financing counterparty, which we refer to as the "junior interests". In addition, a client could also, in certain cases, indirectly make investments in certain other classes of secured notes of such CLOs. These investments subject a client (indirectly through the relevant holding companies) to further risks, including, but not limited to, credit risk, liquidity risk, interest rate and other market risk, operational risk, structural risk, sponsor risk and legal risk. We make investment decisions with respect to our clients' junior interests in a CLO and other investments held in holding companies or subsidiaries. However, in the case of a CLO, we or an affiliate acting as collateral manager will be required to consider the interests of the CLO issuer and, to the extent required by the governing documents of the CLO issuer, the holders of the CLO issuer's securities, whose interests could differ from those of the client holding an indirect interest in the junior interests of the CLO.

Since the CLO securities are held indirectly on a comingled basis through holding companies or subsidiaries, this indirect exposure could magnify the risks of such investments by subjecting clients to further counterparty risk of each of the holding companies or subsidiaries.

Risk Retention

The U.S. Risk Retention Rules require a sponsor (or a majority-owned affiliate thereof) of a securitization transaction, such as a CLO, to retain at least 5% of the economic interest in the credit risk of the securitized assets (the "Retention Interests"). Since December 24, 2016, we believed that we, as collateral manager of the CLOs, were the sponsor of these CLOs. However,

on February 9, 2018, a three-judge panel (the “Panel”) of the United States Court of Appeals for the D.C. Circuit (the “Appellate Court”) ruled in favor of an appeal by the Loan Syndications and Trading Association (the “LSTA”) against the SEC and the Board of Governors of the Federal Reserve System. The Panel ruled that managers of so-called “open market CLOs” were not required to comply with the U.S. Risk Retention Rules because, under the U.S. Risk Retention Rules an entity is a sponsor if it “organizes and initiates an asset-backed securities transaction by selling or transferring assets, either directly or indirectly, including through an affiliate, to the issuer” and CLO managers did not do so. However, for various reasons, Golub CLOs collateralized by broadly syndicated loans might not be considered “open-market CLOs”. In connection with such CLOs, we or one of our “majority-owned affiliates” (such as OPAL (as defined in Item 10)) expect to retain Retention Interests in Golub CLOs.

The Panel did not make a ruling with respect to “middle-market CLOs”. However, beginning in early 2019, certain holding companies (other than OPAL) were designated as the “sponsor” of certain “middle-market CLOs” that we manage. In these CLOs, the holding company is identified as a “sponsor” based on the definition of sponsor in the U.S. Risk Retention Rules because the holding company directly or indirectly transferred loans to such CLO as further described below.

There has been no explicit guidance regarding how entities could be structured in order to constitute a “majority-owned affiliate” or regarding the designation of a holding company as a “sponsor”, and the regulatory environment in which the CLOs intend to operate is highly uncertain.

EU Risk Retention Rules and UK Risk Retention Rules have a similar 5% risk retention rule that apply to certain EU or UK investors (the “Affected Investors”). The EU Risk Retention Rules were subject to material changes effective January 1, 2019 (the modified rules, the “Securitisation Regulation”). There are material differences between the Securitisation Regulation and the previous EU Risk Retention Rules. The UK Risk Retention Rules remain subject to clarification and revision. It is not yet clear what impact the revised EU Risk Retention Rules or the UK Risk Retention Rules will have on Golub CLOs or the CLO market in general. This is particularly true in respect of disclosure requirements and what should be required by Affected Investors in securitizations involving non-EU and non-UK originators. When these issues are clarified, OPAL, our clients, one or more holding companies or we could become directly or, more likely, indirectly subject to additional requirements imposed by the Securitisation Regulation.

The Securitisation Regulation and the UK Risk Retention Rules place certain conditions on investments in or other exposures to securitizations, as defined in the Securitisation Regulation, by institutional investors, which include (a) credit institutions, (b) investment firms, (c) insurance and reinsurance undertakings, (d) EU alternative investment fund managers (“AIFMs”) that manage and/or market alternative investment funds in the EU, (e) undertakings for collective investment in transferable securities and their management companies, and (f) institutions for occupational retirement provision. The European securitization rules restrict institutional investors from investing in securitizations unless certain conditions are met. Each of

our fund clients are managed by a non-EU AIFM and are not (and will not be) compliant with the Securitisation Regulation.

Failure to comply with one or more of the EU Risk Retention Rules or the UK Risk Retention Rules could result in various penalties being imposed on the Affected Investors including, in the case of those Affected Investors subject to regulatory capital requirements, the imposition of a punitive capital charge in respect of the securitization position acquired by the relevant Affected Investor.

If the changes to the EU Risk Retention Rules or the implementation of the UK Risk Retention Rules have a material impact on Golub CLOs or holding companies, European CLO investors or the CLO market in general, it could have the effect of limiting the availability of CLO financing to our clients. In addition, Japanese regulators imposed risk retention requirements. Various Japanese investors have taken the view that CLOs that comply with the EU Risk Retention Rules also satisfy the Japanese risk retention rules. However, the full impact of these rules is not yet clear. These rules could impact our ability to issue Golub CLOs to investors in Japan or otherwise impact our CLOs.

There can be no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by us, or the manner in which we expect to hold Retention Interests, will satisfy the Risk Retention Rules. If these transactions, structures or arrangements are determined not to comply with the Risk Retention Rules, we could become subject to regulatory action. The impact of the Risk Retention Rules on the securitization market is also unclear and these rules could negatively impact the value of the CLOs and their underlying assets.

Acquisitions of CLO Junior Interests with Various Forms of Non-Cash Consideration

A holding company through which a client invests will not typically acquire its junior interests in new CLOs in exchange for a cash payment (or, if a cash payment is made, it could be made for a portion of the purchase price only). Rather, CLO junior interests could be acquired in each of the following ways: (i) receiving the CLO junior interests in exchange for the redemption of warehouse equity securities issued by the CLO issuer or a refinancing of other junior interests issued by the CLO issuer, (ii) receiving the CLO junior interests as “in kind” consideration in exchange for underlying loans being contributed (or deemed contributed) by, or transferred at the direction of, the holding company or subsidiary to the CLO issuer, to collateralize the CLO transaction or (iii) receiving the CLO junior interests as “in kind” consideration for underlying loans that were either already contributed inside (or deemed contributed) by, or already purchased in part from funds contributed (or deemed contributed) by the holding company or subsidiary to the CLO issuer. The manner in which a holding company acquires its junior interests in each CLO will be determined in our or our affiliates’ sole discretion based on the facts and circumstances of that particular CLO and not subject to separate disclosure.

Transfers between Affiliated CLOs

We or our affiliates could decide in our sole discretion to cause one CLO or other financing transaction in which clients own equity interests to transfer loans to, or acquire loans from, another CLO or financing transaction in which clients own or intend to acquire junior interests (each an “Affiliate Finance Transfer”). Affiliate Finance Transfers could be accomplished in different ways and in a number of different contexts, including to facilitate the completion of a new CLO or other financing transaction (*e.g.*, the redemption, refinancing or replacement of an existing CLO or financing transaction with a new CLO or financing transaction).

For a variety of reasons, including administrative convenience, we or our affiliates are permitted to decide in our sole discretion, from time to time, based on factors we deem relevant at such time, to effect these Affiliate Finance Transfers for little or no payment of cash consideration, as transfers of “in kind” and/or as transfers for contributed consideration (or any combination or permutation thereof). In many cases, Affiliate Finance Transfers will be effected through the payment or receipt of “in kind” consideration (*e.g.*, the purchase price of the underlying loans that are transferred is offset or credited against the purchase price of the CLO securities that are acquired). In certain other cases, any cash payment amounts owed to or among clients and various CLOs and other financing transactions involved in the transaction will be netted against various other amounts so as to eliminate or offset some or all of the need for sending full cash payments back and forth among such parties. In the case of any or all Affiliate Finance Transfers, underlying loans are transferred or acquired among the parties to such transaction for a cash purchase price that is more or less than the fair market value of the underlying loans, with the difference in price being documented as, or deemed to be, a capital contribution, cash capital contribution, deemed dividend or any other form of equity capitalization, as applicable.

For a variety of reasons including administrative convenience, we or our affiliates have the discretion, from time to time, based on factors we deem relevant at the time to cause the transfer or acquisition of any loans or other assets to be effected in various ways depending upon the context. For example, some underlying loans could be transferred directly from one or more parties to such Affiliate Finance Transfers, thereby bypassing one or more intermediate steps or transfers that would technically or otherwise be required. In addition, in certain instances such transfers could be effected through the means of a participation or master participation interest in an underlying loan or portfolio of underlying loans. This interest could be required to be elevated to a full assignment within a specified period of time and expose one or more of the selling parties to the requirement to repurchase such interest or indemnify the buying parties for losses in connection with the failure to elevate such interest to a full assignment within the specified period. Each of these methods of transferring or acquiring underlying loans could expose a client to further risk of loss in connection with these Affiliate Finance Transfers.

The exact payment, transfer or acquisition method employed in any Affiliate Finance Transfer will vary from transaction to transaction and will not be explicitly disclosed directly to the clients’ investors with respect to any particular transaction. In some cases, these will involve principal transactions as described in, and subject to the requirements of, Section 206(3) of the

Advisers Act. For additional information, please refer to Item 11, “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”.

CLO Securities and Limited Recourse Obligations

CLO equity and debt securities generally are limited recourse obligations of the issuing CLO, typically an exempted company organized with limited liability or other entity organized under the laws of the Cayman Islands. These obligations are payable solely from payments received by the CLO issuer in connection with the underlying loans held by the CLO issuer. Moreover, junior interests in a CLO represent economic residual interests in the CLO only. Junior interests in CLOs are not secured. Consequently, holders of CLO securities must rely solely on distributions from the CLO of payments received by the CLO in connection with the underlying loans held by such CLO. If distributions on the collateral are insufficient to pay required fees and expenses, to make payments on CLO debt securities or to pay dividends or other distributions on the CLO junior interests, all in accordance with the applicable priority of payments, no other assets of the CLO issuer or any other person will be available for the payment of the deficiency. Once all proceeds from the collateral have been applied, no funds will be available for payment or distribution with respect to the CLO securities. Therefore, whether holders of the CLO securities receive repayment or a return on such CLO securities will depend on the aggregate amount of payments and distributions paid with respect to the CLO securities prior to any final redemption date and the amount of available funds on the final redemption date available for distribution to holders of the CLO junior interests.

Distributions on CLO Securities Affected by Yield, Maturity, Distributions and other Performance Considerations

The amount of distributions on any CLO security will be affected by, among other factors, the timing of purchases of underlying loans, the rates of repayment of or distributions on the underlying loans, the timing of reinvestment in substitute underlying loans and the interest rates available at the time of reinvestment. The longer the period of time before reinvestment of cash in underlying loans, the greater the adverse impact will likely be on the aggregate interest collected, thereby lowering yields and otherwise affecting performance of the CLO securities. The amount of distributions on CLO securities could also be affected by rates of delinquencies and defaults on and liquidations of the underlying loans, sales of underlying loans and purchases of underlying loans having different payment characteristics. The yield and other measures of performance could be adversely affected to the extent that the CLO issuer incurs any significant unexpected expenses.

Illiquidity of CLO Securities

There is no established, liquid secondary market for many of the CLO securities (particularly junior interests) that holding companies in which clients invest will acquire, which are not expected to be registered under the Securities Act of 1933 or the securities laws of other jurisdictions. The lack of an established, liquid secondary market could have an adverse effect on the market value of such CLO securities and the holding companies’ ability to dispose of them. This illiquidity could adversely affect the price and timing of the liquidation of CLO

securities to which our clients have exposure, including the liquidation of CLO securities following the occurrence of an event of default under the indenture or in connection with a redemption of the CLO securities. The more senior tranches of CLO securities are typically rated by independent ratings agencies. It is possible that the ratings assigned to the more senior tranches will not accurately reflect the risks of owning those tranches, and the rating agencies could change the manner by which they determine such ratings. The tranches of CLO securities could also suffer rating downgrades, which would negatively impact the value. In many cases, tranches in which our clients invest are unrated; however, a downgrade in more senior tranches could still negatively impact the value of the unrated tranches.

Subordination of CLO Junior Interests to all other CLO Securities

Payments of principal of, and interest on, debt issued by CLOs, and dividends and other distributions on junior interests in CLOs, are subject to priority of payments. Junior interests in CLOs are subordinated to the prior payment of all obligations under debt securities. Further, in the event of default under any debt securities issued by a CLO, holders of the CLO's junior interests generally have no right to determine the remedies to be exercised. To the extent that any elimination, deferral or reduction in payments on debt securities occurs, such elimination will be borne first by the CLO junior interests and then by the debt securities in reverse order of seniority. Thus, the greatest risk of loss relating to defaults on the collateral held by CLOs is borne by the junior interests. To the extent that a default occurs with respect to any collateral and the collateral is sold or otherwise disposed of, it is likely that the proceeds of such sale or other disposition will be less than the unpaid principal and interest on the collateral. Excess funds available for distribution to the owners of the junior interests in a CLO will be reduced by losses occurring on the collateral, and returns on the CLO junior interests will be adversely affected.

CLO Junior Interests Are Susceptible to Complete Loss

Many of our clients' investments are substantially in CLO junior interests, which are susceptible to losses of up to 100% of the investments, including losses resulting from changes in the financial rating ascribed to, or changes in the market value or fair value of, the underlying assets of the CLO issuers. Clients' investments in CLO junior interests represent highly leveraged investments in the underlying loans held by the CLOs. The fair value of these investments could be significantly affected by, among other factors, changes in the financial rating ascribed to the underlying assets of a CLO by financial rating agencies, changes in the market value or fair value of the underlying loans, changes in payments, defaults, recoveries, capital gains and losses, prepayment and the availability, prices and interest rate of underlying assets. Moreover, market developments generally (including, without limitation, deteriorating economic outlook, changes in interest rates, rising defaults and rating agency downgrades) typically affect the fair value of an investment and/or its underlying assets. Negative loan ratings migration and/or an increase in the rate of defaults on loans, could also place pressure on the performance of certain of the investments. Lower rated asset exposure over pre-defined limits and/or defaults or deferrals of interest payments on underlying loans held in such investments could temporarily or permanently cause cash diversion away from CLO junior interests (the

investments) and into the reinvestment of new collateral, and, if significant enough, potential de-leveraging of the CLO. We could also decide that holders of CLO junior interests should make follow-on protective investments in such CLOs or that the CLOs should sell underperforming loans to one or more holding companies. The use of cash for such purposes could limit the ability of clients to invest in new originations. In addition, changes in the market value or fair value of the underlying loans could result in defaults under the terms of the CLO that could in turn reduce or halt the distribution of funds to holders of junior interests in the CLO or trigger a liquidation of the CLO. The leveraged nature of CLO junior interests increases the risk that a change in market conditions or the default of the underlying obligor or issuer of underlying loans could result in significant losses. Accordingly, it is possible that holders of junior interests in a CLO will be paid less than in full and be subject to substantial losses, including a loss of 100% of clients' investments in such CLO.

Lack of Control over Decisions Relating to the CLO Junior Interests

Through holding companies, many clients expect to invest in majority positions in CLO junior interests, and many CLO transactions permit the holder of a majority or supermajority of the CLO junior interests to direct a redemption, refinancing or repricing of the CLO; however, there can be no assurance that any particular CLO investment made by a holding company will hold such rights or that the holding company will choose to or be able to enforce them. In addition, rights to consent to amendments to the governing documents of CLOs and to remove or replace the collateral manager and enforce other rights and remedies after defaults are frequently shared among, or require the consent of, multiple classes of CLO securities and are frequently controlled by the more senior classes of CLO securities. Further, if we or one of our affiliates serve as collateral manager, it is possible that first-loss interests held by a holding company lose the right to vote with respect to replacement of the collateral manager or other votes relating to events that give rise to a right to remove the collateral manager. Accordingly, even if a holding company were to hold a majority (or even all) of the junior interests in a given CLO it is possible that, it still would be unable to enforce any such rights under the CLO's governing documents without the consent of the holders of other CLO securities.

Certain Advisers in their capacity as collateral manager pursuant to the terms of a collateral management agreement executed by each CLO issuer in connection with each CLO, will have the sole right to make asset management decisions, including any in connection with the underlying loans, acting on behalf of and in the interests of the CLO issuer. Any CLO issuer's interests could conflict with those of our clients. Moreover, any decisions to be made by holders of CLO securities under a CLO's governing documents will be made by us or one of our affiliates, as manager of the holding company, in our sole discretion on behalf of the holding company, and not directly by investors in the client or the investment manager of the client. The collateral manager or the holding company manager could, in accordance with their respective portfolio management practices, agree on behalf of the holding company or a CLO to extend or defer the maturity, or adjust the outstanding balance of any investments, or otherwise amend, modify or waive the terms of any related loan agreement, indenture or other document governing an investment, including the payment terms thereunder, subject to any limitations set forth in the applicable governing documents. Any amendment, waiver or modification of an investment

could postpone the receipt of payments in respect of such investment and/or reduce distributions to investors in clients. No client or investor will have any right to compel the holding company manager, the collateral manager or any other party to take or refrain from taking any such actions or decisions, and these actions or decisions could expose a client to losses and conflicts with respect to its investments.

Holding companies and other affiliates of the holding companies will also invest in various other loans, other debt or equity obligations or securities. These investments could, at times, consist of minority positions in such loans, other debt or equity obligations or securities. Accordingly, the holding company manager, the holding company and/or the relevant holding company affiliate, as applicable, may have limited or no ability to control or otherwise influence the exercise of rights and remedies (as a lender to the underlying obligor) under, and amendments and other modifications to, such loans, other debt or equity obligations or securities.

Ratings of Underlying Loans Owned by the CLOs

CLO issuers could acquire interests in underlying loans by way of sale, assignment or participation. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights could be more restricted than those of the assigning institution. In the case of the CLOs primarily composed of middle market loans, a substantial portion or a majority of the underlying loans will typically be originated by our affiliates. In the case of the CLOs composed primarily of broadly syndicated loans, the underlying loans are customarily the type that could be acquired from unaffiliated third parties.

Typically, the CLOs hold underlying loans consisting primarily of middle market and/or broadly syndicated loans generally rated below investment grade (or of equivalent credit quality). The lower rating of these loans reflects a greater possibility that adverse changes in the financial condition of an underlying obligor or in general economic conditions or both could impair the ability of the CLO issuer to make payments of principal or interest. These loans could be regarded as predominately speculative with respect to the continuing ability of the underlying obligor thereof to meet principal and interest payments. Such speculative loans (particularly in the case of middle market loans) could be less liquid and more likely to default than loans of higher credit quality. In addition, a portion (which portion could be significant) of the underlying loans included in the broadly syndicated CLOs are composed of “cov-lite loans”, which contain limited, or no, financial covenants. Ownership of “cov-lite loans” could expose the CLOs to different risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have such covenants. In addition, in the current economic environment, the market prices of “cov-lite loans” could be depressed. As a result, exposure to losses could be significant, and this exposure is increased by an investment in junior interests in such CLOs.

Indemnification, Asset Transfer and Financing Agreements

Holding companies in which clients invest are and will become party to various indemnity, asset transfer or financing arrangements, including any indemnity and contribution

agreement, loan or credit agreement, letter agreement, transfer agreement, assignment agreement, master loan sale or loan sale agreement, purchase and sale or sale and contribution agreement, repurchase agreement, performance guaranty or other indemnification agreement and/or other asset transfer or financing agreement of any nature, including any documents executed in connection with these. These arrangements will contain certain representations, covenants, agreements and indemnity obligations. Should a holding company or any of its affiliates breach any of the provisions or agreements contained therein, it could be immediately required to pay an indemnity, make a contribution or repay borrowings or repurchase assets, in whole or in part, together with any attendant costs, and be subject to various indemnification claims for any losses. If a holding company or any of its affiliates, or any client, does not have sufficient cash resources or other credit facilities available to make these indemnities or repayments, it could be forced to sell some or all of the assets constituting its investment portfolio or a lender could be able to foreclose on and liquidate certain assets. Sales of assets in such circumstances could be at prices less than fair value, resulting in insufficient funds to repay in full any outstanding borrowings and therefore not yield excess value for the clients. Moreover, any failure to repay these borrowings or, in certain circumstances, other breaches of covenants under the agreements could result in a client being required to suspend payment of distributions to its investors. In addition, such arrangements could contain cross default provisions such that a default under one financing arrangement could automatically trigger defaults under other financing arrangements. If such a provision were exercised, it would magnify the effect of an individual default and result in a substantial loss for a client.

Interest Rate Risks

The underlying loans in a CLO could bear interest at a fixed rate while the CLO securities issued by the CLO issuer holding underlying loans could bear interest at a floating rate (or the reverse could be true). As a result, there could be a floating/fixed rate or basis mismatch between CLO securities and the underlying loans. In addition, there could be a timing mismatch between the CLO securities and underlying loans that bear interest at a floating rate, as the interest rate on the floating rate underlying loans could adjust more frequently or less frequently, on different dates and based on different indices, than the interest rates on the CLO securities. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability of the CLO issuers to make payments on the CLO securities. This risk could be exacerbated by the FCA's decision to cease sustaining LIBOR as described below under "*LIBOR Risk*". Additionally, to the extent that one or more holding companies issues rated or unrated bonds, these bonds could be issued with a fixed rate of interest. As a result, such holding companies and their owners could be subject to a floating/fixed rate mismatch between such securities and the loans owned directly or indirectly (including through CLOs) by the holding companies.

LIBOR Risk

In July 2017, the Financial Conduct Authority ("FCA") announced its intention to cease sustaining LIBOR from the end of 2021. The FCA's intention is that after 2021, it will no longer be necessary for the FCA to persuade or compel banks to submit to LIBOR due to the

development of alternative benchmark rates, which the FCA suggested should be based on transactions and not on reference rates that do not have active underlying markets to support them. In April 2018, the New York Federal Reserve Bank began publishing its alternative rate, the Secured Overnight Financing Rate (“SOFR”). In early 2019, the Alternative Reference Rates Committee of the New York Federal Reserve Bank proposed that SOFR be utilized as the replacement for LIBOR. On November 30, 2020, LIBOR’s administrator, the ICE Benchmark Administration Limited (the “IBA”) announced a consultation beginning in early December 2020 on its intention to cease the publication of the one-week and two-month U.S. dollar LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining U.S. dollar LIBOR settings immediately following the LIBOR publication on June 30, 2023. However, the Alternative Reference Rates Committee has stated that new loans and new CLOs issued in mid to late 2021 should employ a base rate other than LIBOR. There is still uncertainty as to whether and when the loan market or the CLO market will adopt SOFR or some other alternative rate as the replacement for LIBOR.

As such, if LIBOR in its current form does not survive and a replacement rate is not widely agreed upon or if a replacement rate is significantly different from LIBOR, it could cause a disruption in the credit markets generally. Such a disruption could also negatively impact the market value and/or transferability of the interests issued by CLOs in which our clients invest. Furthermore, disruptions related to loans and/or other CLOs in the marketplace could have a material adverse effect on our ability to enter into loans and/or execute CLOs in the future and could have a material adverse effect on the investment returns of our clients. Our clients could also be materially and adversely impacted to the extent we or our affiliates are unable to successfully implement an acceptable replacement rate in financing CLOs or other forms of leverage utilized by holding companies and other investment vehicles. Further, if LIBOR does not survive and a replacement rate is not widely agreed upon, or if there is a prolonged period of mismatch between the reference rate payable on our assets and the reference rate payable on our liabilities, the mismatch on the interest rates payable by the CLO on the securities it issues and the interest rates payable on the underlying loans held by the CLO could result in a decrease in distributions to clients. Finally, prior to a replacement rate being agreed upon in the credit markets generally, actions by regulatory authorities, financial institutions or others to phase out, modify or eliminate LIBOR or to propose or require transition to a particular alternative benchmark could cause one or more of the following to occur: (i) an increase in the volatility of LIBOR prior to the consummation of any such change, (ii) an increase in the portion of assets that pay interest based on a benchmark rate other than LIBOR or that pay interest at a fixed rate or (iii) increased pricing volatility with respect to and liquidity of such assets. We and our affiliates anticipate devoting time and attention to administrative and other changes as a result of the termination of LIBOR, which could distract us from more productive activities benefiting our clients.

Performance of CLOs Dependent on Collateral Manager

Each CLO issuer will rely on its collateral manager to administer and review the portfolios of underlying loans held by such CLO issuer. Particularly in the case of CLO junior interests, the actions of the collateral manager could significantly affect a client’s return on its

investment in the CLO. When the collateral manager of a CLO is an affiliate of GC Advisors, investors in the clients must note that, in its role as collateral manager, such affiliate will be acting solely in the best interest of the CLO issuer, without consideration of the interests of the clients or any investor therein.

Although valuations and projections of the collateral manager could consider certain expected levels of prepayments, underlying loans could be prepaid more quickly than expected. Prepayment rates are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond the collateral manager's or CLO issuer's control and consequently cannot be accurately predicted. Early prepayments give rise to increased reinvestment risk, as the CLO issuer would realize excess cash from prepayments earlier than expected. If the collateral manager or CLO issuer is unable to reinvest such cash in a new investment with an expected rate of return at least equal to that of the investment repaid, this could reduce the net income and the fair value of any investment in such CLO.

In the event of a bankruptcy or insolvency of an underlying obligor in a CLO in which clients invest, a court or other governmental entity could determine that the claims of the relevant CLO are not valid or not entitled to the treatment the collateral manager (on behalf of the CLO) expected when making the collateral manager's initial decision to invest in the loan to such obligor.

Resignation or Removal of the Collateral Managers

A collateral manager, including us or our affiliate, could be removed or terminated as collateral manager with respect to a CLO in certain circumstances, including the breach of certain terms of the CLO governing documents and the failure to comply with certain financial covenants or ratios applicable to the collateral manager or the CLO. Any transfer of the collateral management functions to another entity could result in reduced or delayed collections, delays in processing loan transfers and information regarding the loans and a failure to meet all of the collateral management procedures required by the applicable collateral management agreement. Such a transfer could result in the collateral manager failing to follow the Risk Retention Rules or result in a forced transfer of the Retention Interests for little or no value. Consequently, the termination or removal of the collateral manager in any collateral manager could have material and adverse effects on our clients that hold interests in such CLO. Further, if we or our affiliate serve as collateral manager, it is possible that first loss interests held by our clients will not have the right to vote with respect to replacement of the collateral manager and other votes relating to events that give rise to a right to remove the collateral manager.

We or our affiliate could be obligated by contract or applicable law to transfer Retention Interests in the event we act as collateral manager and are replaced as collateral manager. It is possible that the terms of such transfer would not reflect the market price of the Retention Interests at such time. Our investors would be adversely affected if such transfer resulted in losses or was made at less than market value.

CLO Concentration Risk

The clients' portfolios of CLO investments consist primarily of investments in junior interests in CLOs that are managed by the collateral manager, and such clients should not expect to make significant investments in CLOs managed by any other asset managers. We, our affiliates and/or holding company managers will monitor the concentration of the clients' portfolio across various categories, including underlying obligor, investment, CLO, industry, jurisdiction, region and asset class. However, concentrations of exposures in the underlying portfolio could nonetheless arise. These concentrations would increase the risk that payments to investors in a client could be adversely affected to a significant degree by a default or a series of defaults on debt obligations relating to a underlying obligor, investment, CLO, industry, jurisdiction, region or asset class.

Potential Impact of Inability to Execute Additional CLOs

The inability of a holding company to engage in additional CLOs or securitizations could negatively affect the client's existing investments in the holding company and future prospects. CLOs are an important source of funds that we use to originate and acquire loans. If this important source of funds is not replenished through additional CLOs and securitizations, it would adversely affect our ongoing operations, which could in turn negatively affect a holding company's existing investments and future prospects in any number of ways. In addition, the lack of new loan collateral or the inability to execute future CLOs could impair the collateral manager's ability to refinance or redeem existing CLOs into new CLOs or securitizations on favorable terms and conditions. If a holding company in which a client invests cannot maintain a targeted level of leverage, the client's returns could be reduced. Inability to execute additional CLOs could also have a negative effect on the fair value of a holding company's assets and the market value of the investor's interests therein, including interests that could be held by a client.

Golub Capital - Overview

This section applies to all advisory businesses within Golub Capital.

Regulatory and Litigation Risk

We participate in a highly regulated industry and are subject to formal and informal , inquiries, audits and reviews and could be subject to regulatory investigations and enforcement actions, in each case, from numerous regulatory authorities. As a Registered Investment Advisor, we are subject to the Investment Advisers Act. There can be no assurance that we and our affiliates will avoid regulatory investigations or enforcement actions.

There is a material risk that applicable governmental authorities and regulators in the United States and other jurisdictions will adopt new laws and regulations (such as tax, privacy and anti-money laundering laws and regulations), change existing laws and regulations, and enhance the interpretation or enforcement of existing laws and regulations. There is also a material risk that any such change or event could be burdensome for us, our clients and/or the obligors of underlying loans that our clients invest in. Such event or change could adversely affect us and our ability to operate and/or pursue our management strategies on behalf of our clients. Further, any such events or changes could adversely affect the obligors' ability to make

payments on loans in which our clients have invested or otherwise adversely affect the value of the investments. Such risks are often difficult or impossible to predict, avoid or mitigate in advance. As a result, there can be no assurance that any of the foregoing will not have an adverse impact on our business or our clients. From time to time, we could take certain actions that we determine are necessary, appropriate or in the best interests of our clients to mitigate the application or impact of certain laws or regulations.

We and/or any of our respective principals and/or employees could also be named as a defendant in, or otherwise become involved in, litigation. Litigation and regulatory actions could be time consuming and expensive and could lead to unexpected losses, which expenses and losses could be subject to indemnification by our clients. Legal proceedings could continue without resolution for long periods of time and their outcomes, which could materially and adversely affect our clients or our ability to manage our clients' accounts, are often impossible to accurately predict. We would likely be required to expend significant resources responding to any litigation or regulatory action, which could be a distraction from our business activities.

Our clients' investment activities subject them to the normal risks of becoming involved in litigation by third parties. This risk would be somewhat greater if the client, holding company or other investment vehicle were to exercise control or significant influence over a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent willful misconduct, bad faith or gross negligence, typically be borne by the client and would reduce net assets. We and others are indemnified by our clients in connection with such litigation, subject to certain conditions. Investors could be required to repay distributions to our fund clients, subject to certain limits, if required to fund indemnification payments to us or others.

Risks Related to New Business Lines

While we maintain two major business lines, we have explored and will continue to explore opportunities outside these business lines. Such activity could adversely affect existing clients and pooled investment vehicle and fund investors. These risks include, but are not limited to, reputational damage, loss of management attention and time due to multiple constraints, adverse impact to business relationships, increased competition of capital allocations, and expansion of potential risks to our business as a whole outside those previously disclosed. New business lines could also exacerbate existing conflicts of interest and raise new conflicts.

Risks Related to Multiple Business Lines

Our clients, and investors in any pooled funds or other investment vehicles that we manage, should be aware of the potential risk of errors from separate business lines affecting their investments indirectly, even if they are not exposed to those lines of business. While we keep each investment client as a legally distinct entity, there are risks that a separate business line suffering a material adverse condition could affect other business lines. These risks could materially affect our business as a whole, and include, but are not limited to, loss of reputation, loss of management time and focus, regulatory sanctions, and adverse impact to business relationships.

Risks Related to Information Technology

We are heavily reliant on our information technology infrastructure, processes and procedures, and we have devoted significant resources to ensuring we have competitive information technology systems. Information technology changes rapidly, however, and we could fail to stay ahead of these advances. Moreover, we could find ourselves as a target of cyberattacks, including cyber espionage, malware, ransomware, phishing, and other types of hacking. If any of our information technology systems do not operate properly or are disabled, whether as a result of tampering or a breach of network security systems or otherwise, we and our clients could suffer, among other consequences, financial loss, liability, disruption of businesses, reputational damage, public exposure of private information and regulatory investigations and fines. While steps have been taken to mitigate the risk of such attacks, no system is fully attack-proof, and a cybersecurity attack could have an adverse impact on us and our clients.

In addition, our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we take protective measures, our computer systems, software and networks could be vulnerable to unauthorized access, theft, misuse, computer viruses or other malicious code and other events that could have an impact on security. If one or more of these events occur, investors' confidential information processed, stored in and transmitted through computer systems and networks could be jeopardized. Further, we and our clients and holding companies rely on third-party service providers for certain aspects of the business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair the quality of the operations and could affect our reputation, which could have an adverse effect on us and our clients.

Privacy and Data Protection.

We, our affiliates and our clients are subject to numerous laws in the jurisdictions where our investors are located relating to privacy and the storage, sharing, use, processing, disclosure and protection of information that we and our affiliates hold. The Cayman Islands Data Protection Law, 2017 and the California Consumer Privacy Act of 2018 are recent examples of such laws, and we anticipate new privacy and data protection laws will be passed in other jurisdictions in the future. In general, these laws introduce many new obligations on us and our affiliates and service providers and create new rights for parties who have given us their personal information, such as our investors and others.

Breach of these laws could result in significant financial penalties for us and/or our clients. As interpretation of these laws evolves and new laws are passed, we could be required to make changes to our business practices, which could result in additional risks, costs and liabilities to our clients and adversely affect investment returns. While we intend to comply with our privacy and data protection obligations under the privacy and data protection laws that are applicable to us, it is possible that we will not be able to accurately anticipate the ways in which regulators and courts will apply or interpret these laws. A violation of applicable privacy and

data protection law could result in negative publicity and could subject us, our affiliates and our clients to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities and/or penalties.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have had no legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

Other companies owned directly or indirectly by Lawrence E. Golub and/or David B. Golub are engaged in the financial services business. In some cases, we have business relationships with related companies that are material to our advisory business or to our clients. We refer to the companies under common control with us as “relevant parties”. These arrangements are described in more detail below and, in some cases, could cause our, or a relevant party’s, interests to diverge from the best interests of a client.

Relevant Pooled Investment Vehicles and Registered Investment Companies

Many of our clients are pooled investment vehicles. We advise various private investment funds and pooled investment vehicles that are relevant parties. Our clients could invest in these vehicles. Two such pooled investment vehicles advised by GC Advisors are the business development companies, Golub BDC and GBDC3.

We, our affiliates, officers and employees, also have certain interests, including deferred fees, in our pooled investment vehicles. We rely on our officers and employees who also serve as officers, directors and/or general partners of certain investment funds and other investment entities. Certain relevant parties could form similar limited partnerships to those that we currently manage. We, our employees and/or relevant parties often enter into financing arrangements with clients or make loans or otherwise advance money to clients for operational ease, to ensure timely funding of negotiated investments, to assist with loan origination and seasoning and/or for other purposes we determine to be necessary or appropriate. The terms associated with any such financing arrangement, loan or monetary advancement, including the interest charged, shall, in the aggregate, be no more favorable to us, our employees and/or the relevant parties than could be obtained in an arm’s-length transaction.

Sponsors of Limited Partnerships

A number of entities that serve as general partner to funds we advise are relevant parties. These and other relevant parties could sponsor limited partnerships to which we are or become the investment adviser or subadviser.

Related Operating Companies

We manage related operating companies. In our capacity as investment adviser, we have the ability to direct or recommend our clients to invest in these operating companies. As a result, there is a conflict of interest because we could benefit when our clients invest in these operating companies as compared to when our clients invest in unaffiliated operating companies. For example, we or our personnel could have additional equity and/or equity incentive considerations in such operating companies.

One related financial industry activity that we engage in through domestic entities is the origination of loans. While these loans are typically invested in by our advisory clients, this origination business is distinct from our advisory business. We have a financial interest in recommending the loans that we originate to our advisory clients and, therefore, a conflict of interest exists.

We could also originate loans that are larger than the aggregate hold size desired by our advisory clients. A conflict of interest exists, because, as part of our advisory compensation with respect to certain clients, we are permitted to retain a portion or all of the transaction fees in connection with these loans or make money from selling the excess portion of such loans. We have a financial interest in originating large loans and selling the portion of such loans that our advisory clients do not wish to hold. To the extent we are unable to sell the excess portions of these loans, one or more clients could hold an allocation of such loans greater than expected or desired, which could increase the clients' risk. There is no guarantee that we will be able, nor do we have any obligation, to sell these excess portions of loans.

As discussed further in Item 11, we are subject to various actual and potential conflicts of interest, including, but not limited to, those described above, which we attempt to identify, monitor and mitigate. Further, we have implemented policies and procedures reasonably designed to ensure our clients are treated fairly and equitably over time. Our allocation policy, for example, prohibits us from favoring any particular advisory account to generate higher fees or compensation or because of our ownership or economic interests, or those of our affiliates, officers or employees, in such advisory account. Finally, we believe that we are effectively aligned with our clients through the economic structures of our client accounts and/or their subsidiaries. We believe that these factors, together with our commitment to put investors first, help to mitigate the risks associated with such conflicts of interest.

OPAL

In connection with leverage obtained through Golub CLOs, we intend to comply with the Risk Retention Rules. For offshore CLOs focused primarily on middle market loans, certain of our affiliates and principals will own 20% of an "OPAL" entity. Such OPAL entity is a majority-owned affiliate or a "sponsor" as determined under the U.S. Risk Retention Rules, which has acquired and will acquire the Retention Interest in Golub CLOs collateralized by broadly syndicated loans executed after the effectiveness of the U.S. Risk Retention Rules. An OPAL entity also acquired the Retention Interest in middle-market CLOs executed between the date of the effectiveness of the U.S. Risk Retention Rules and early 2019. However, beginning in 2019, holding companies (other than OPAL) have acquired the Retention Interest. As used herein, "OPAL" shall refer both to (i) the strategy used to comply with the requirements of the Risk

Retention Rules and (ii) the entities created to respond to the Risk Retention Rules. We have the ability to modify the OPAL structure at any time if it is determined that the U.S. Risk Retention Rules do not apply to one or more categories of Golub CLOs.

Recommendations of Other Investment Advisers

We, or our affiliates, could encourage qualified investors with whom we have a pre-existing relationship to invest in other entities what we manage, or our affiliates, or in which we, or our affiliates, have invested or have an ownership or economic interest. We do not typically recommend or select third-party investment advisers for our clients, but we could do so in the future.

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

Code of Ethics

We have adopted a Code of Ethics for all employees of the firm describing our standards of business conduct and the fiduciary duties we and our employees owe to our clients. The Code of Ethics is reasonably designed to minimize actual or potential conflicts of interest and prevent violation of federal securities laws. The Code of Ethics generally prohibits trading restricted securities and provides procedures governing personal securities transactions of employees that contain certain preclearance, regular reporting and other requirements that are designed to mitigate the risk of insider trading or securities trading on the basis of material non-public information in our possession and any other trading activities that are illegal or adverse to the positions we take on behalf of our clients.

Examples of other areas that our Code of Ethics and our compliance manual address include:

- employee conduct;
- conflicts of interest;
- political contributions;
- gifts and entertainment;
- outside business activities;
- confidentiality of information;
- manipulative trade practices; and
- initial public offerings and private offerings.

All our employees acknowledge the terms of the Code of Ethics at least annually and are obligated to report violations of the Code of Ethics to the Chief Compliance Officer.

We will provide a copy of our Code of Ethics to clients or prospective clients upon request. Our contact information appears on the cover page of this Brochure.

Conflicts of Interest – General

We are subject to various actual and potential conflicts of interest, including, but not limited to, those described below, which we attempt to identify, monitor and mitigate. Further, we have implemented policies and procedures reasonably designed to ensure our clients are treated fairly and equitably over time. Our allocation policy, for example, prohibits us from

favoring any particular advisory account to generate higher fees or compensation or because of our ownership or economic interests, or those of our affiliates, officers or employees, in such advisory account. Finally, we believe that we are effectively aligned with our clients through the economic structures of our client accounts and/or their subsidiaries. We believe that these factors, together with our commitment to put investors first, effectively mitigate the risks associated with such conflicts of interest.

Conflicts of Interest – Other Activities of the Advisers and their Affiliates

It is expected that certain of our personnel responsible for managing the Advisers will oversee the activities of multiple client accounts and the other business activities of the Advisers and their affiliates. In addition, our clients do not generally have a dedicated portfolio manager. These portfolio managers do not receive a material portion of his or her compensation from the performance of its clients. Conflicts of interest exist in allocating the time, services and functions of personnel responsible for managing multiple client accounts.

There is an incentive to devote resources, time and attention to investments or business lines based on the possibility of earning fees or other benefits associated with such investments or business lines, even though such investments or business lines might be of little or no benefit to clients. Neither the clients nor any investor will have any rights in or to other ventures of the Advisers or their affiliates or the returns of these ventures, solely in their capacity as a client or investor, as applicable.

Conflicts of Interest – Investment Activities

As described in Item 7, “Types of Clients”, we provide investment advisory services to various clients, including BDCs, private investment funds, pooled investment vehicles and separately managed accounts. We are permitted to give advice and/or take actions with respect to any client account we manage, for our own account or for the account of an employee, which differ from the advice we give and the actions we take on behalf of other accounts. We are not obligated to recommend, buy or sell, or refrain from recommending, buying or selling any security that we, or our employees, buy or sell for our or their own accounts or for the account of any client. We, or our employees, are permitted to invest in securities held by accounts that we manage, except to the extent these investments violate our Code of Ethics or applicable law. When a person is responsible for portfolio management of multiple advisory accounts, that person will have a conflict of interest in connection with investment decisions to the extent that such person has an incentive to favor the account in which he or she is invested or otherwise entitled to share in the returns or fees.

From time to time, our employees or relevant parties invest or otherwise have an interest in securities owned by or recommended to our clients. Moreover, such persons could invest or otherwise have an interest, directly or indirectly, in the BDCs or the private investment funds we advise that invest in securities held in other accounts that we also advise. Additionally, we, our employees and/or relevant parties often enter into financing arrangements with clients or make loans or otherwise advance money to clients for operational ease, to ensure timely funding of negotiated investments, to assist with loan origination and seasoning and/or for other purposes

that we determine to be necessary or appropriate. In such arrangements, we have a conflict of interest between our obligation to act in the best interest of our clients and our own best interest. The terms associated with any such financing arrangement, loan or monetary advancement, including the interest charged, shall, in the aggregate, be no more favorable to us, our employees and/or the relevant parties than could be obtained in an arm's-length transaction. As these situations involve conflicts of interest, we have implemented policies and procedures relating to personal securities transactions, insider trading and side-by-side management, including the Code of Ethics, which are designed to identify actual and potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve such conflicts appropriately as they arise.

Conflicts of Interest – Investments by Affiliated Entities

Certain of our clients or affiliates could seek to acquire interests in each other from time to time, including by purchasing such interests from existing investors in such clients. We generally have complete discretion whether to approve transfers of interests in our clients. If we or an affiliate are interested in acquiring an interest in a client from an investor, we have an incentive to reject the transfer of the interest to any other transferee, which could result in the transferor receiving less favorable terms than it could if the interest were transferred to another transferee. As further described in the section entitled "*Conflicts of Interest – Investment Activities*", we, our affiliates or employees could also own interests in such other funds or entities, which could create incentives for those persons that are different from or conflicting with our clients' interests.

Conflicts of Interest – Other Participants in Holding Companies, CLOs and other Investment Vehicles

Certain of our clients invest through holding companies, CLOs and other investment vehicles in which other clients also invest. As manager of such jointly owned holding companies, CLOs and other investment vehicles, we will be required to take into account the interests of all advisory clients, and could be required to take into account the interests of third parties, participating in such holding companies, CLOs and other investment vehicles, and not just the interests of any particular client. Conflicts often arise in which a client's interests are not the same as the interests of other participants in such subsidiaries.

The interests of certain of our advisory clients or third parties that participate in holding companies, CLOs and other investment vehicles often differ with the interests of other clients, including interests related to the distribution objectives. The disposition of investment assets by holding companies, CLOs and other investment vehicles to create liquidity to make distributions or redemptions for other advisory clients and third parties, or the use of liquidity by the holding companies, CLOs and other investment vehicles for such purpose instead of other purposes, could have an adverse effect on the performance of any particular client. Conversely, if holding companies, CLOs and other investment vehicles vehicle cannot, in our discretion, generate or use liquidity to make distributions to a particular client without adversely affecting other clients or third parties, such distributions could be delayed or suspended.

Conflicts of Interest – Other Relationships

We will generally not make any investment on behalf of a client that we do not believe to be in the best interest of the client. However, conflicts could arise in any particular transaction between obtaining the most advantageous terms for an investment, which benefits our client, and maintaining our relationship with a borrower or private equity sponsor, which likely serves the long-term best interests of such client and other clients. For example, we are permitted to reduce transaction fees, offer loan terms that are more favorable to the borrower (and conversely, less favorable to the client), accept a below target position size, or make other similar concessions to maintain or improve a relationship with a private equity sponsor or borrower, which could increase the likelihood of repeat business for the benefit of our and our affiliates' clients overall.

Conflicts of Interest – Allocation Policy

As discussed in Item 6, above, conflicts of interest arise when we manage accounts that make performance payments alongside accounts that do not make performance payments or if we manage accounts that make performance payments at different net rates or subject to different calculation methodologies (*e.g.*, high-water marks or hurdle rates). In such circumstances, there is an incentive to allocate more favorable investment opportunities to, or otherwise for, an account from which we receive a performance payment or in which we, or an affiliate, have an ownership or other economic interest, including Retention Interests.

We have clients with competing investment objectives. While providing services to a private investment fund, for example, we simultaneously have obligations to other clients, the fulfillment of which could be inconsistent with the best interests of the private investment fund or its investors. To the extent that a client's investment objective overlaps with the investment objectives of other clients, we will face conflicts in the allocation of investment opportunities among our clients.

To mitigate these conflicts of interest associated with the allocation of trading and investment opportunities, we maintain an investment allocation policy and trade allocation procedures that govern the allocation of portfolio transactions and investment opportunities across multiple advisory accounts. It is our policy to allocate investment opportunities: (i) for the benefit of our clients; (ii) in a manner that is, over time, fair and equitable to our clients; and (iii) consistent with applicable laws, rules and regulations that apply to us based on the nature of our clients. Our accounts are typically allocated a percentage of investments that we source pursuant to our allocation policy. Our allocation policy also contains provisions intended to comply with the provisions of the 1940 Act, including an exemptive order granted to us by the SEC, as well as relevant SEC and SEC Staff guidance.

Some of the factors that influence a recommended allocation include:

- (1) legal, contractual or regulatory restrictions or considerations (*e.g.*, 1940 Act compliance, indenture requirements, tax);

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- (2) relative size, cash availability and liquidity requirements of a client;
 - (3) supply or demand for an investment at a given price level; and
 - (4) investment policies related to, among other things:
 - risk or investment concentration parameters;
 - credit rating, size or cash flows of the obligor;
 - diversification by obligor, geography or industry;
 - minimum or maximum investment size;
 - portfolio duration targets and/or constraints;
 - fixed or floating rate requirements;
 - yield requirements; or
 - considerations relating to loan syndication, such as requests from obligors and/or private equity sponsors.

We will not make investment allocation decisions to:

- (1) unduly favor one account at the expense of another, including any of our proprietary or personal accounts or those of our officers or employees, over time;
- (2) generate higher fees or greater performance compensation;
- (3) develop or enhance a relationship with a client or prospective client;
- (4) compensate a client for past services or benefits rendered to us or to induce future services or benefits to be rendered to us;
- (5) induce customers of a relevant party's financing operation, if such allocations do not also benefit our clients; or
- (6) manage or equalize investment performance among different client accounts.

The allocation policy and related procedures also detail a number of other items, including how investments are exited, how deal expenses are allocated and how allocations are made where capacity exists for an investment in excess of the capacity required to satisfy the recommended allocation.

The BDCs and other clients, such as our private investment funds and separately-managed accounts, can invest alongside each other in certain circumstances when doing so is

consistent with their investment strategies as well as applicable law, SEC staff interpretations, and the exemptive relief order granted by the SEC on February 27, 2017 (the “Exemptive Relief Order”). To the extent specific investment opportunities are appropriate for one or more of our BDCs and one or more of our other clients, in addition to being subject to our allocation policies and procedures, the opportunity will also be subject to the conditions of the Exemptive Relief Order. Reliance on the Exemptive Relief Order is subject to certain terms and conditions, including, among others, adherence to our allocation policies and procedures, enhanced record keeping and, where applicable, involvement of independent directors of the applicable BDC. There can be no assurance that the Exemptive Relief Order will facilitate the successful consummation of investment opportunities that we believe are available to other clients as a result of the Exemptive Relief Order. In addition, there is also no assurance any of our clients will be able to participate in all investment opportunities pursued under the Exemptive Relief Order that are within its investment objectives. As a result of the BDCs’ participation in opportunities pursuant to the Exemptive Relief Order, there could be a need to allocate investment opportunities across a larger amount of available capital. As such, the allocations available to other clients for investment opportunities that are subject to the Exemptive Relief Order could be adversely affected because of the participation of the BDCs. Investment opportunities that are subject to the Exemptive Relief Order are also subject to additional policies and procedures as a result of the participation of the BDCs, which could delay deal execution and adversely impact the ability of our clients to deploy capital and/or sell investments.

Conflicts of Interest – Different Investment Positions

Our clients generally take directionally similar positions. For example, if one of our clients purchases a loan in a particular issuer, it would be atypical for another client to take a short position in, or buy a credit default swap on, that same issuer.

However, pursuant to our allocation policy, it is possible, from time to time, that an account we advise will take an investment position different from a position taken by another account that we or a relevant party manage. For example, a client account that we manage could hold a senior loan in an issuer, while another client account that we or a relevant party advise holds a mezzanine loan or other subordinated debt or an equity investment in the same issuer. This would result in a conflict of interest between the client accounts, particularly when the company is distressed. As our broadly-syndicated loan origination business continues to grow, certain client accounts will seek to sell interests in loans that are also held by other client accounts. In certain circumstances, the sale of an interest in a loan by one client account could affect the market value of the interests in the loan that are held by other client accounts. In these situations, positions we take could disadvantage one or more accounts, as further described below under “*Conflicts of Interest – Differing Investment Positions, Workouts*”.

Where conflicts occur, in all circumstances, we seek to act in a manner that we believe to be consistent with our fiduciary duties to all of our clients, without consideration of our interests or the interests of a relevant party.

Conflicts of Interest – Differing Investment Positions, Workouts

When a company encounters financial problems, the terms of a workout will often raise conflicts of interest (including conflicts over proposed waivers and amendments to debt covenants), because different accounts could hold different positions in the company's capital structure. For example, a senior debt holder would likely be advantaged by a company liquidation in which such holder was paid in full, while a junior debt holder or an equity holder would likely prefer a reorganization that provides for the potential to create more long term value for such holders. When a company goes through a restructuring, different conflicts of interest are raised. For example, if a client were to co-invest with a third party in a restructuring of a portfolio company where another client account holds an investment, a conflict exists between the pre-restructuring and post-restructuring investors. The client documents set forth mechanisms that we are permitted to use to mitigate or resolve these and other conflicts.

Conflicts of Interest – Repeat Transactions in the Same Issuer

We often act as an underwriter, arranger or placement agent, or otherwise participate in the origination, structuring, negotiation, syndication or offering of loans held by our clients. These loans are typically held by multiple clients and are often prepayable at the option of the obligor. Our clients often have certain protective rights against prepayment, such as prepayment or call premiums, and on occasion, we could waive these prepayments or call premiums. We often have fiduciary duties to multiple holders of such obligations, and it is not always the case that each holder's interest is aligned with the interests of other holders with respect to waivers of prepayment or call protections. In general, clients who participate in a refinancing of an obligation would benefit from a waiver, while those that do not participate would generally prefer to apply prepayment premiums and other prepayment protections. Whether or not a client is able to participate in a refinancing depends on a variety of factors that vary based on each client.

When determined to be in the overall best interests of all of our clients, we could cause relevant clients to waive prepayment premiums or other similar call premiums in certain circumstances, including when we, or our affiliates, are involved in the refinancing, restructuring or other modification of such assets. Where one or more clients, when considering only those clients' individual and particular circumstances, do not participate in a related refinancing, we face a conflict of interest between our duty to these clients and the interests of other clients that will participate in the refinancing, as well as, in some cases, our interests or the interests of related entities. To mitigate these conflicts, we could cause a non-participating client to waive prepayment or call protections only where we have or will offset any adverse economic effect caused by the waiver of the prepayment premiums or other similar call premiums. We do this by waiving management fees or other similar fees or reimbursements to which we would otherwise be entitled from the non-participating client. As a result of such fee waivers, these clients will be in the same (or better) economic position as they would have been if we had enforced the prepayment or call protection.

Conflicts of Interest – Loan Origination

We are engaged in loan origination activities. These loan origination activities typically result in fees, including origination, commitment, document, structuring, facility, monitoring,

amendment and/or agent fees. Our clients, and the investment vehicles in which our clients invest, often acquire loans that are originated and/or arranged by these affiliated loan origination activities and, in respect of which, we receive fees. In general, because certain of these fees are a part of our advisory compensation with respect to many of our clients, the fees will not be shared with such clients or be applied to reduce the management fees applicable to such clients.

Fees that we and/or our affiliates earn in connection with loan origination activities create a conflict of interest as there is an incentive to refinance loans in which clients have already invested. Clients that have invested in these loans are often entitled to receive certain prepayment premiums paid in connection with the refinancing of a loan (“Call Protection”). However, certain clients likely hold a relatively small number of loans for which Call Protection is not fully payable to the extent that we and/or our affiliates lead the refinancing (an “Affiliated Refinancing”). In the event of an Affiliated Refinancing, such clients would not receive the Call Protection to which they would otherwise be entitled to in the case of a refinancing led by an unaffiliated third party. In such circumstances, we expect to remit to such clients the lesser of (i) the amount of the Call Protection such clients did not receive due to an Affiliated Refinancing and (ii) such clients’ pro rata share of the fees received by us in connection with the refinancing that do not offset the management fees of, or otherwise benefit, such clients.

In some cases, we will serve “on the right”, “lead left” or in another lead position on a particular originated loan. While we believe that serving in these roles generally provides more attractive investments to our clients over time, these lead roles (and the fees associated therewith) could conflict with the short-term interests of our clients on any particular deal. For example, when we serve in a leading role, it is possible that our clients will retain a larger than pro rata portion of revolving loans or delayed draw term loans. While the fees related to retaining such portion of revolving loans or delayed draw term loans benefit our clients, this retention also requires our clients to reserve a sufficient amount of liquid capital (which could be in the form of affiliated or third party leverage or uncalled capital) to enable our clients and their subsidiaries to satisfy drawdown requests from borrowers with respect to these loans. As a result, there is a risk that a greater portion of our clients’ capital will be held in cash or other highly liquid assets than it otherwise would. If a large number of borrowers with revolving loans make drawdown requests in a compressed time period, it could exacerbate liquidity pressures on our clients and the subsidiaries through which they invest. If a client or subsidiary fails to satisfy a drawdown request, this could have an adverse impact on our operations, and the operations of our affiliates, our clients, and their subsidiaries. Further, upon the closing of a particular transaction, it is possible that the price attributed to various parts of a deal will not reflect the eventual fair value of these assets. For example, the revolving loan portion of a deal could be overpriced initially compared to where a revolver would trade between third-party buyers and sellers. If a client receives a portion of a revolving loan that is larger than pro rata, the effect of the initial closing prices would be magnified. In addition, we could be required to sell a larger portion of a loan to third parties to win a mandate on a loan origination or to otherwise satisfy sponsor requests than we would otherwise prefer to sell in our capacity as investment manager to our clients. Further, we often receive fees in connection with syndicating loans and are generally permitted to retain a portion or all of these fees as part of our advisory compensation arrangements. As a result, there is an incentive to syndicate more of such loans to third parties

than we would in the absence of such fees. In these cases, it is possible that our clients will receive a smaller allocation of a loan than would be desirable for our clients. Nonetheless, we believe that in the long term, leading roles are integral to our efforts to secure the best investment opportunities for our clients.

Conflicts of Interest – Principal/Cross Trades and Overlapping Ownership

From time to time, we invest client assets in investments that are also held by:

- (1) us or our affiliates;
- (2) other advisory accounts;
- (3) funds or accounts in which we or our affiliates or our respective officers or employees have an ownership or economic interest; or
- (4) our officers or employees or the officers or employees of our affiliates.

We also invest on behalf of our advisory clients in the same or different instruments of issuers in which the following also hold instruments issued by such issuers:

- (1) us or our affiliates;
- (2) other advisory accounts;
- (3) funds or accounts in which we or our affiliates or our respective officers or employees have an ownership or economic interest; or
- (4) our officers or employees or the officers or employees of our affiliates who have an ownership interest as a holder of the debt, equity or other instruments of the issuer.

We also invest, on behalf of our advisory clients, in funds that we or our affiliates advise. Our clients frequently engage in cross trades where investments held by one client are purchased by or sold to another client. Cross trades are typically done for investment reasons such as asset rebalancing, for tax, legal or regulatory reasons or to maximize leverage.

A conflict of interest often exists in connection with these transactions since investments by our advisory clients could benefit us and our affiliates, officers and employees by potentially increasing the value of the investments held in the issuer. From time to time, our clients purchase investments from other clients. Any investment we make on behalf of our advisory clients or any related disposition will be consistent with applicable law, our fiduciary obligations to act in the best interests of our advisory clients and such clients' investment objectives.

We generally permit certain of our officers and employees to invest in private investment funds that we or our affiliates advise and/or share in the returns, fees or income received from such funds. When an officer or employee is responsible for both the portfolio management of

the private investment fund and other advisory accounts, such person faces a conflict of interest in connection with investment decisions since the person has an incentive to direct the best investments, or to allocate trades, in favor of the fund in which he or she is invested or otherwise entitled to share in the returns, fees or income.

Certain of our affiliates, officers and employees have made, and will likely continue to make, small, minority investments in unaffiliated private equity funds using investment vehicles other than client accounts. As a result, many of our clients have invested and will likely continue to invest in loans to portfolio companies that are primarily owned by one or more of these unaffiliated private equity funds. Therefore, we arguably have an incentive to cause our clients to invest in portfolio companies owned by private equity funds in which our affiliates, officers and employees have invested. However, because the indirect minority interest that our affiliates, officers and employees have acquired in any such portfolio company is and will likely continue to be very small relative to our clients' investments in the loans to such portfolio company, we believe that the incentive is merely theoretical. Furthermore, we believe that investments in unaffiliated private equity funds by our affiliates, officers and employees will help us build and improve our relationships with these funds' respective private equity sponsors. We believe that these improved relationships could yield a greater number of potential investment opportunities for our clients in loans to portfolio companies to be acquired, or that are controlled, by these private equity sponsors.

In addition to the allocation policy, to address these conflicts of interest, we have adopted a policy governing side-by-side management of private investment funds and other advisory accounts. This policy requires us to treat each of our advisory clients in a manner consistent with our fiduciary obligations and prohibits us from favoring any particular advisory account because of the ownership by, or economic interests of, us, our affiliates, officers or employees in such advisory accounts.

Our and our affiliates' portfolio managers are often responsible for the day-to-day management of multiple accounts, including our accounts and the accounts of our affiliates. The potential for material conflicts of interest exists whenever a portfolio manager has responsibility for the day-to-day management of multiple advisory accounts. As noted above, these conflicts could be greater if a portfolio manager is also responsible for managing a proprietary account or when we and/or our affiliates have an investment in one or more such accounts or an interest in the performance of one or more such accounts through the receipt of a fee.

Certain conflicts of interest are disclosed in client documents. Some conflicts of interest are particularly acute, in particular, principal trades, and we have the ability to seek independent client consent for transactions of this nature. Client consent could come directly from the client or its investors, or if permitted by the client documents, by an independent investor representative or adviser, independent directors or an independent conflicts committee. However, except as required by applicable law, we are not obligated to follow such conflict resolution procedures in certain circumstances, such as when there is a recent arm's-length transaction that establishes market terms. For instance, if a third party purchases securities from a subsidiary in an arms-length transaction, then another vehicle that we manage will be permitted

to purchase a comparable amount of the same securities from such subsidiary on terms no more favorable than those received by such third party. In situations in which consent is required from a CLO in connection with a principal trade, consent generally will be obtained from the board of directors of the CLO (or independent contracted professionals or an independent reviewer, as applicable), and not the indirect investors of junior interests of the CLO (including private funds) or the conflicts committee of any indirect investors. The mechanics for obtaining consent or other conflicts resolution are summarized below with respect to funds and CLOs (as well as holding companies) and are described in more detail in the relevant client documents.

From time to time, one client (or a holding company, CLO or other subsidiary) could purchase investments from or sell investments to another client, including where we or our affiliates have a significant interest (greater than 25%) in one or more parties to the purchase and sale transaction. Any investment on behalf of advisory clients or any related disposition must be consistent with applicable law, relevant contractual requirements and our (and our affiliates') fiduciary obligations to act in the best interests of our clients and our clients' investment objectives.

When a client engages in a purchase or sale transaction with us or with another client, holding company or other entity in which we or another relevant party have a significant interest, the transaction will constitute a principal trade under the Advisers Act based on SEC staff guidance; thus, we will be required to disclose the transaction to the relevant client or clients and obtain consent prior to completing the transaction. For certain clients, this requirement will be satisfied by disclosing relevant information about the principal trade to, and seeking the consent of, the client's board of directors or a designated independent party prior to settlement of the transaction. In determining whether to grant consent, certain clients' boards (or other relevant persons) are expected to contract with other professionals with appropriate expertise to review and provide recommendations as to approval or disapproval. When so doing, the board of directors and any such other persons are bound by law or contract to act in the best interests of the client, but do not have any duty to consider the interests of indirect investors in the CLO or holding company, as applicable. Furthermore, we will not, absent agreement to the contrary, be required to obtain consent or provide notice of such principal trades to any direct or indirect investor in the client that is party to the trade. As a result, we or entities in which we or other relevant parties have a significant interest are permitted to buy assets from or sell assets to a CLO or holding company in which a client holds an interest without notice to or consent of any of the client's investors. There is no guarantee that any such trades will not be adverse to the interests of these investors.

Conflicts of Interest – Allocation of Expenses among Ourselves and our Clients

Conflicts could arise in connection with our allocation of expenses between our clients and ourselves or between a client and other advisory clients that we manage or its affiliates. In addition to the fees charged to our clients and certain transaction fees charged to borrowers or other parties, certain of our clients pay, as an expense, their share of costs, such as compensation and overhead, related to certain Golub Capital employees who primarily provide services for our clients, as well as a portion of the costs related to our employees who provide support services to

such employees. We have discretion in determining whether the costs allocable to an employee are charged to our client or us, and in determining whether the costs allocable to an employee are fully or partially expensed to our client and/or to us. In using such discretion, we are incentivized to expense the cost of employees to our client instead of to us. Because of the potential for conflict and the regulatory scrutiny associated with expense allocations, we will present any material changes to our expense allocation methodology with respect to Golub Capital personnel to the conflicts committee, board of directors, or other body responsible for reviewing conflicts of the client, as applicable.

Conflicts also arise in connection with the allocation of expenses related to transactions that are not ultimately consummated. When a transaction is consummated, the expenses of the transaction are allocated to our advisory clients based on each client's pro rata participation in such transaction. In the case of middle market loans, the borrower of successfully consummated loans ordinarily pays for transaction expenses. However, when transactions are unsuccessful, it is impractical for us to determine which advisory clients would have been allocated interests in the transaction had it been consummated. As a result, we either allocate unsuccessful transaction expenses to the Applicable Clients, pro rata, based on their relative assets, calculated on a fair value basis as of the following quarter end or, if we elect to do so, waive such expenses. "Applicable Clients" means those clients that would ordinarily participate in investments of the same type as the unsuccessful transaction, with such determination made in our sole discretion.

Conflicts of Interest – Shared Services Expense

In the operation of our business and the management of our clients' businesses, an inherent conflict arises in connection with shared service expenses. Pursuant to management agreements with our clients, certain overhead and back office expenses, including employee expenses, are allocated to us and certain overhead and back office expenses, including employee expenses, are allocated to our clients. Based on the category of service provided, allocation of the expenses requires judgment to determine whether the expense is to be allocated to us, to our client or split ratably between us and our client. Accordingly, this use of judgment creates a conflict of interest since it is both in our best interest and in our clients' best interest to pay less service expense. These conflicts are discussed further in Item 5, above.

Conflicts of Interest – Loans to Clients

Certain conflicts of interest could arise should we, our employees and/or relevant parties enter into financing arrangements with clients or make loans or otherwise advance money to clients. Such loans or advances shall only be made when such transactions are determined to be in the overall best interests of the client. However, when these arrangements arise, we and/or our affiliates have a conflict of interest between our obligation to act in the best interest of the client and our own best interest. Any loans or advances made to clients will be consistent with applicable law, our fiduciary obligations to act in the best interests of our clients and the clients' investment objectives. The terms associated with any such loans or advances, including the interest charged, shall, in the aggregate, be no more favorable to us, our employees and/or the relevant parties providing the loans than could be obtained in an arm's-length transaction. In

making such loans or advances to clients, we or an affiliate could draw on a third-party line of credit, and a market rate of interest could be passed to the clients receiving the loans or advances.

Conflicts of Interest – Reductions, Waivers and Absorptions of Fees and Other Costs

We are permitted to reduce, waive or absorb some of the fees or costs otherwise payable by our clients or their subsidiaries. While this activity could be seen as friendly to investors, reductions, waivers and absorptions of fees and costs result in higher returns to investors than such investors would receive if full fees and costs were charged and impacts the net of fees performance that we present to prospective clients and investors. There is no guarantee that these reductions, waivers or absorptions will occur in the future, and these reductions, waivers and absorptions are entirely at our discretion. We do not believe these reductions, waivers and absorptions are material to investors over time. We will provide historical return and reduction, waiver and absorption information upon request.

Conflicts of Interest – CLO Refinancing

Certain of our clients own all or a portion of the equity tranches of CLOs. Certain other clients and/or third parties typically own other more senior or more junior tranches in such CLOs. Since CLOs have leverage embedded in their structures, these CLOs are subject to the financial risk of leverage, including fluctuations in interest rates and downturns in the economy. Accordingly, a conflict of interest could arise in the event we refinance any CLO. A refinancing that benefits the returns of the junior equity tranches of a CLO could adversely affect the returns of the senior equity tranches and vice versa.

Conflicts of Interest – Risk Retention

OPAL's organizational, ownership and investment structure involves a number of relationships that give rise to conflicts of interest between clients and the holding companies in which clients invest, on the one hand, and us and our affiliates, on the other hand. Furthermore, we or our affiliates will face conflicts of interest from time to time with respect to decisions we or our affiliates make in managing Golub CLOs in which we or our affiliates hold a Retention Interest, versus the Golub CLOs where the holding companies in which clients invest (other than OPAL) acquire such Retention Interest. Such conflicts could arise in connection with any of the following:

- the types of investments made by Golub CLOs and the timing and method in which investments are exited;
- the timing and amount of distributions to the members of OPAL (indirectly through a holding company);
- the purchase by OPAL of Retention Interests and/or the investment by OPAL in Golub CLOs;
- the reinvestment of returns generated by investments;

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- the decision to refinance a Golub CLO and the timing of any such refinancing;
 - the assessment of fees and expenses, including incentive fees and performance allocations, to Golub CLOs for which a Retention Interest is held;
 - the negotiation of service provider arrangements between OPAL and us or our affiliates;
 - the use of CLO securitizations for obtaining leverage (versus other forms of leverage);
 - the transfer of assets from Golub CLOs for which a Retention Interest is held by OPAL to and from Golub CLOs for which no Retention Interest is held by OPAL; and
 - time and attention given to Golub CLOs for which a Retention Interest is held by OPAL versus Golub CLOs for which no Retention Interest is held by OPAL.

There can be no assurance that any such conflicts can or will always be resolved in a manner that is ultimately beneficial to the clients.

Conflicts of Interest – Co-Investing in Distressed Companies

When an obligor is distressed or in workout, debtholders could effectively or actually control the obligor. The debtholders, including the clients, could sell their interests in the obligor to a new financial sponsor for cash and/or for equity or debt in the newly restructured company. The Advisers and/or other clients could invest new capital in the newly restructured company, and in this case, there is a conflict between the clients that initially provided debt to the obligor and the parties that capitalize the newly restructured company as a going concern.

Item 12 – Brokerage Practices

Selection of Broker/Dealers

We generally have the authority to determine, without obtaining specific client consent, which investments clients buy and sell, including the type, amount and price of the investments, the specific brokers/dealers used for the trades and the commission rates paid. We are also responsible for the allocation of brokerage commissions. As a general matter, we acquire and dispose of many of our clients' investments in privately negotiated transactions that do not require the use of brokers/dealers or the payment of third-party brokerage commissions.

In executing portfolio transactions and selecting brokers/dealers, we seek the best overall terms available on behalf of our clients' accounts. In assessing the best overall terms available for any transaction, we consider all factors we deem relevant, including:

- the breadth of the market in the instrument;
- the price of the instrument;

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- the financial condition and capability of the broker/dealer;
 - the reasonableness of the commission or mark-up, both for the specific transaction and on a continuing basis;
 - the size of the order;
 - difficulty of execution; and
 - operational facilities of the broker/dealer.

We also determine the reasonableness of commissions and the quality of execution based upon several factors, including:

- access to particular markets or instruments;
- gross compensation paid to the broker/dealer;
- financial strength of the broker/dealer;
- ability to respond to investor or adviser inquiries promptly;
- ability to handle a mix of trades (*e.g.*, block trades and odd lots);
- willingness and the ability of the broker/dealer to execute large or difficult trades for our clients so as to obtain best executions;
- adequacy of the broker/dealer's back office staff to efficiently handle trading activity, especially in volatile or high-volume markets;
- statistics on executions and the frequency of trading errors; and
- overall responsiveness of the broker/dealer (*e.g.*, how well the broker/dealer serves us and our clients).

We generally seek reasonably competitive trade execution costs, but we will not always pay the lowest spread or commission available. We are permitted to select a broker/dealer based upon services provided to us. In return for such services, we could pay a higher commission than other brokers/dealers would charge if we determine in good faith that the commission is reasonable in relation to the services provided. There is an incentive to select a broker/dealer based on such services instead of selecting a broker/dealer to receive the most favorable execution for the client.

We do not currently participate in any formal soft dollar arrangements with other firms for research or any other service.

Aggregation and Allocation of Orders

We are permitted to combine broker/dealer orders on behalf of an account with orders for other accounts for which we, or our principals, have trading authority, or in which we, or our principals, have an economic interest. When this occurs, we will generally allocate the investments or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. We believe combining orders in this way will be advantageous to all participants over time. However, the average price could be less advantageous to an account than if an account had been the only account effecting the transaction or had completed a transaction before the other participants. Because of our interest in some of the accounts, there could be circumstances in which an account's transactions cannot, under certain laws and regulations, be combined with those of some of our and our affiliates' other clients, and an account could obtain less advantageous execution than such other clients. For an additional discussion of our allocation policy, please refer to Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading".

Item 13 – Review of Accounts

We review client accounts on an ongoing basis. These reviews range from supervision of purchases and sales by our Chief Executive Officer, President and our underwriting group to ongoing reviews of client positions by our portfolio valuation group. Investment professionals, our treasury group and the Chief Compliance Officer periodically monitor the adherence of each client's account to such client's investment mandate. In addition, the fund accounting and operations groups review client accounts on a monthly or quarterly basis in connection with maintaining books and records and in preparation for annual audits of certain client accounts.

Clients receive written reports as provided for in the relevant client documents. Certain client documents require that quarterly and annual financial statements be distributed to such client's investors. With respect to CLOs, the independent trustees of the CLO vehicles generally prepare written reports.

Item 14 – Client Referrals and Other Compensation

We, and our affiliates, occasionally enter into solicitation or placement agent agreements, by which third parties receive fees based on providing client or investor referrals. Under these arrangements, the third party receives fees in part based on the size of the investment made by the referred client or investor. Typically, these arrangements last for a period of time, but fees could be paid to the solicitor or placement agent for a trailing period following termination of the arrangement. In addition, certain counterparties have established platforms to allow their clients and customers to invest in our funds through feeder funds, and these counterparties often receive compensation in connection with such feeder funds.

Item 15 – Custody

We are deemed to have "custody", within the meaning of Rule 206(4)-2 under the Advisers Act, of one or more of the private funds or pooled investment vehicles that we advise.

To comply with this Rule, we provide each investor in such a private fund or pooled investment vehicle with audited financial statements within 120 days following the fund's or vehicle's fiscal year end. To the extent that assets are contained in lower tier subsidiaries, these subsidiaries are covered by the audit procedures of the upper tier entities. If you have invested in such a fund or vehicle, and have not received timely audited financial statements, please contact us. Our contact information appears on the front page of this Brochure.

Where we could be deemed to have custody over assets in separately managed accounts, we request that a qualified custodian that holds and maintains client assets send account statements to such clients at least quarterly. We urge clients to carefully review these statements and compare them to the account statements that we provide. Please contact us promptly if you do not receive such statements.

In addition, we and certain of our affiliates act as administrative agent (the "Golub Agent") to loan syndicate participants, which could include us, our affiliates and clients and other third-party lenders. In connection with the Golub Agent's role as administrative agent, monies relating to loan syndications are maintained in an account at a qualified custodian (the "Agency Account"). Each Agency Account was opened by the Golub Agent and is in the Golub Agent's name as agent for the loan syndicate participants. The Agency Account comingles client assets, our assets and assets of third-party syndicate participants. The Golub Agent distributes the monies in the Agency Account as appropriate and consistent with the relevant loan documents. The Golub Agent does not have discretion to determine how monies are used, allocated or distributed. For example, when borrowers make principal and interest payments to the Agency Account, the Golub Agent causes these proceeds to be distributed from the Agency Account to the various lenders, generally on the same day that payments are received, strictly in accordance with the loan documents. The qualified custodian does not send account statements to loan syndicate participants.

Under SEC staff guidance, we are deemed to have custody over client assets in the Agency Account because of the Golub Agent's role as administrative agent to the loan syndicate participants, which include our clients. In that role, the Golub Agent has access to, and authority over, monies in the Agency Account. Although the Golub Agent has no discretion over the use, allocation, or disbursement functions, the Golub Agent has control over the Agency Account.

Item 16 – Investment Discretion

Generally, investors must rely on us to manage and conduct client affairs and make investment decisions. We usually receive and exercise discretionary authority in originating, structuring, negotiating, purchasing, financing, securitizing and eventually divesting investments on behalf of our clients. Further, investors will typically not be able to evaluate for themselves the merits of particular investments prior to such investments being made. This authority is generally conferred through the client documents, and we will exercise this discretion in a manner consistent with the stated investment objectives for the particular client account. To the extent that an investment is made into other investment funds or vehicles, including holding companies and CLOs that we manage, investors will also be dependent on us for management of those entities.

When making investments, we observe the investment policies, limitations and restrictions of the clients we advise. For the BDCs, GC Advisors' authority to trade securities could also be limited by certain federal securities and tax laws that require diversification of investments, limit leverage, prohibit certain joint transactions and favor the holding of investments once they are made.

All investments, regardless of type, must receive approval of an investment committee. Through this process, we seek to ensure that investments are compliant with the various legal, tax and other investment policies, limitations and restrictions in effect for each client making an investment.

Item 17 – Voting Client Securities

We vote proxies relating to our clients' portfolio investments in what we perceive to be the best interest of our clients. We review on a case-by-case basis each proposal submitted to a vote to determine its effect on the portfolio investments that our clients hold. In most cases, we will vote in favor of proposals that we believe are likely to increase the value of the portfolio investments that our clients hold. Although we will generally vote against proposals that would have a negative effect on our clients' portfolio investments, we could vote for such a proposal if we have compelling long-term reasons to do so. We could decline to vote a proxy if we believe that doing so is in the best interest of our clients or that the cost of exercising such a vote outweighs the potential benefit to client accounts.

To ensure that our vote is not the product of a conflict of interest, we require that:

- (1) anyone involved in the decision-making process disclose to the Chief Compliance Officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and
- (2) employees involved in the decision-making process or vote administration are generally prohibited from revealing how such employees intend to vote on a proposal to reduce any attempted influence from interested parties.

Where there are conflicts of interest present, we have the option to disclose the conflicts to our clients and request guidance from our clients on how to vote such proxies. Generally, however, clients cannot direct us to cast a proxy vote in any particular way.

We will provide a record of how we cast any proxy votes and a copy of our proxy voting policies to clients upon request. Our contact information appears on the cover page of this Brochure.

Item 18 – Financial Information

Not applicable.