

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



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This brochure (“Brochure”) provides information about the qualifications and business practices of Growth Catalyst Partners, L.P. (“GCP”). If you have any questions about the contents of this Brochure, please contact us at (312) 283-3689 or [info@growthcatalystpartners.com](mailto:info@growthcatalystpartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

GCP is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

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

## Item 2 – Material Changes

Since the initial filing of GCP's Brochure on June 30, 2021, the Firm filed an other-than-annual amendment on August 23, 2021 to reflect that it reorganized into a limited partnership. There was no practical change in control or ownership associated with the reorganization of the Firm. The Firm filed a second other-than-annual amendment on November 29, 2021 to reflect that Marissa Nazario joined the Firm as Chief Compliance Officer and Chief Financial Officer.

GCP routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and Firm practices. In this year's filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2021; and
- Item 8: updated to reflect additional risk factors and potential conflicts of interest.

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## Item 4 – Advisory Business

Growth Catalyst Partners, L.P. (together with its fund general partners (unless otherwise specified), (“GCP” or the “Firm”)), is a private equity firm that focuses on buyouts of information, marketing and tech-enabled services businesses headquartered in North America. Formed in 2017 (with an initial investment via a predecessor entity in 2015), GCP has offices in both Chicago and Rowayton, Connecticut

GCP serves as the investment adviser for, and provides discretionary investment advisory services to, private funds and co-investment special purpose funds established to invest alongside a fund in a single portfolio company. Specifically, GCP provides investment management services to the following main funds: Growth Catalyst Partners I, L.P. and Growth Catalyst Partners I-A, L.P. (together, “Fund I”); Growth Catalyst Partners II, L.P. and Growth Catalyst Partners II-A, L.P. (together, “Fund II” and together with Fund I, the “Main Funds”). GCP also provides discretionary investment advisory services to executive funds (the “Executive Funds”) and to co-investment special purpose funds established to invest alongside a fund in a single portfolio company (each, a “Co-Investment Fund” and collectively with the Main Funds and the Executive Funds, the “Funds” unless the context otherwise requires). In certain circumstances, as more fully described in Item 7 below, the Firm also permits certain limited partners and third party investors to co-invest alongside a Fund directly into a portfolio company. Unlike the Co-Investment Funds mentioned above, such direct co-investments are not considered Funds or clients of GCP.

Each Fund is affiliated with a general partner (“General Partner”) with authority to make investment decisions on behalf of the Funds. The General Partners are deemed registered under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (“Advisers Act”), pursuant to GCP’s registration in accordance with SEC guidance. While the General Partners maintain ultimate authority over the respective Funds, GCP has been designated the role of investment adviser. For more information about the Funds and General Partners, please see GCP’s Form ADV Part 1, Schedule D, Section 7.A. and Section 7.B.(1).

GCP provides investment advisory services as a private equity fund manager to its Funds. The Funds invest through privately negotiated transactions in operating companies, generally referred to as “portfolio companies”, in the information, marketing and tech-enabled services businesses. Each portfolio company has its own independent management team responsible for managing its day-to-day operations, although (i) members of GCP or representatives appointed by the Firm are expected to serve on the boards of such portfolio companies and will therefore have a significant impact on the long-term direction of the company, including the selection of management team members and (ii) in some cases, GCP will more directly influence the day-to-day management of a portfolio company by recruiting and installing certain individuals in various leadership roles, such as chief executive officer, chief operating officer, chief financial officer or in other roles. GCP’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions of such investments.

Investments are made predominantly in nonpublic companies, although investments in public companies are permitted in certain instances.

GCP's investment advice and authority for each Fund is tailored to the investment objectives of that Fund; GCP does not tailor its advisory services to the individual needs of limited partners in its Funds. The Fund investment objectives are described, as applicable, in the private placement memorandum, limited partnership agreement, subscription agreements, investment advisory agreements, side letter agreements and other governing documents of the relevant Fund (collectively, "Governing Documents") and limited partners determine the suitability of an investment in a Fund based on, among other things, the Governing Documents. The Firm does not seek or require limited partner approval regarding each investment decision.

Fund limited partners generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Limited partners in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except in certain circumstances pursuant to the terms of the applicable Governing Documents. In accordance with industry common practice, GCP has entered into side letters with certain limited partners including those who make substantial commitments of capital or were early-stage limited partners in the Funds, or for other reasons in the sole discretion of GCP in each case that have the effect of establishing rights under, or altering or supplementing, a Fund's Governing Documents. Examples of side letters entered into include certain fee arrangements, notification provisions, reporting requirements and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all limited partners nor in some cases are they required to be disclosed to all limited partners, consistent with general market practice. Side letters are negotiated at the time of the relevant limited partner's capital commitment, and once invested in a Fund, limited partners generally cannot impose additional investment guidelines or restrictions on such Fund. There can be no assurance that the side letter rights granted to one or more limited partners will not in certain cases disadvantage other limited partners.

GCP does not participate in wrap fee programs.

### **Principal Owners/Ownership Structure**

GCP is ultimately owned by Managing Partners Jim TenBroek and Scott Peters.

### **Regulatory Assets Under Management**

As of December 31, 2021, GCP managed approximately \$667,157,750 in Fund regulatory assets, all managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

GCP and its affiliated General Partners receive fees and compensation in exchange for advisory services provided to the Funds, including management fees, carried interest, additional compensation in connection with management services performed for the portfolio companies of the Funds and reimbursements from portfolio companies for certain expenses advanced on their behalf. Differences exist from Fund to Fund, and certain Funds do not charge certain fees, compensation or expenses that other Funds charge or charge them in different amounts. The following is a general description of fees, compensation and expenses of the Funds. Limited partners should refer to the Governing Documents of the applicable Fund for a complete understanding of how GCP is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

### **Management Fees**

GCP charges each Main Fund a management fee (the “Management Fee”), generally 2% per annum of non-affiliated limited partner’s commitments. Management Fees are initially charged at 2% of each non-affiliated limited partner’s committed capital for the period of time during which each Fund is making investments; thereafter, the Management Fee is equal to 2% of each non-affiliated limited partner’s invested capital with respect to investments that have not been disposed of or completely written off. Assessed quarterly in advance, the Management Fee charged to each Fund is described in full detail in the relevant Fund’s Governing Documents and more briefly below. All Management Fees were negotiated with the Fund’s limited partners during the fundraising period of the applicable Fund and are not subject to negotiation thereafter.

The General Partners are permitted, in their sole discretion, to reduce or waive all or a portion of the Management Fee and Management Fees differ from one Fund to another as well as among limited partners in the same Fund. Such differences can arise from the size of a limited partner’s commitment to a Fund, different limited partner classes, provisions of side letter agreements or other negotiated terms. For example, Management Fees are waived for GCP employees investing through a General Partner or as a limited partner in an Executive Fund (although these limited partners generally pay their pro rata share of certain Fund expenses).

As per the provisions of the Governing Documents, GCP is permitted to waive, defer, or reduce all or a portion of the Management Fee payable by a Fund in full or partial satisfaction of any obligation of GCP and certain employees and affiliates to invest in and alongside such Fund. Certain waived portions of the Management Fee are treated by the Governing Documents as deemed capital contributions by the relevant General Partner, which is effectively invested in the relevant Fund on the General Partner’s behalf and operates to reduce the amount of capital the applicable General Partner would otherwise be required to contribute to the Fund. Limited partner capital contributions are generally accelerated due to waived, deferred, or reduced Management Fees and/or the timing of receipt of fees subject to offsets, and Fund limited partners could thus receive less than the full benefit

of such reductions or offsets. Waived, deferred, or reduced Management Fees are not subject to the Management Fee offsets described below.

Management Fees will generally be reduced by, as applicable: (i) the amount of fees paid by such Fund to entities or persons acting as a placement agent in connection with the offer and sale of interests in such Fund; (ii) costs incurred by GCP in connection with the organization of such Fund that exceed a limit as specified in such Fund's Governing Documents; and (iii) certain supplemental fees and compensation with respect to portfolio investments, including closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, directors' fees and other similar fees (whether in the form of cash, securities or otherwise) (such supplemental fees, "Portfolio Company Fees"), the amount of which are paid by the Funds (directly, or indirectly by the portfolio companies) and are determined by GCP on a transaction by transaction basis. All such Portfolio Company Fees received offset the Management Fee paid by a Fund in amounts ranging from 80% to 100%, depending on the Fund, net of any expenses incurred in connection with such portfolio company and any Management Fee waivers, in each case according to a pre-determined annual minimum, which varies by Fund and is described in each Fund's Governing Documents.

The following fees and expenses do not offset Management Fees, in each case as applicable: (i) any fees received by Executive Advisors; (ii) reimbursements from a portfolio company; (iii) fees or expenses borne by a Fund; (iv) broken deal expenses; (v) any portfolio company directors' or board fees paid by a former portfolio company to a GCP employee (or former employee) who remains on the company's board of directors following the Fund's disposition of its investment in the company; and (vi) profits interests or compensation to an affiliate that was entered into prior to such person becoming an affiliate of GCP, regardless of when the interests, compensation or amounts crystallize or vest. Any Portfolio Company Fees with respect to an investment or potential investment (including a transaction not consummated) are allocated to a Fund (and offset against the Management Fee as described above) only to the extent of the Fund's relative ownership (or anticipated ownership) of such investment or potential investment after taking into account certain pre-determined annual minimums and as otherwise set forth in the Governing Documents. Accordingly, a Fund will, in most such cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Portfolio Company Fees and not the portion allocable to any other person that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment. Further, any such reduction of a Fund's Management Fee is only applicable to the extent a Management Fee is payable by a Fund currently or in the future.

To the extent that such an offset credit would reduce a Fund's Management Fee for a given quarter below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon dissolution, a payment will be made to limited partners that have not elected to waive such amount for tax or other reasons. The amount and manner of such reduction is set forth in the relevant Governing Documents of the applicable Fund.

## **Carried Interest**

Each Fund's General Partner is entitled to be allocated carried interest ("Carried Interest") with respect to the Funds, which is generally equal to 20% of all realized profits net of all expenses in excess of an 8% compounded preferred return and catch-up provisions. Each Fund's Carried Interest arrangement differs and is further described in full detail in the relevant Fund's Governing Documents and more briefly in Item 6, below.

## **Fund Expenses**

Each Fund is governed by its own Governing Documents, which details a description of expenses for such Fund. While differences exist among Funds, the following is a description of expenses generally charged to each Fund. The Funds will pay all fees, costs, expenses, liabilities and obligations relating to a Fund and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company and whether or not incurred by a General Partner, GCP or any of their respective affiliates), including all fees, costs, expenses, liabilities and obligations (referred to collectively in this definition as "costs") relating or attributable to: (i) activities with respect to the origination, identification and sourcing of investment opportunities for a Fund (including attending and sponsoring industry conferences and events, trade association memberships, meeting with and engaging consultants, finders, broker-dealers, investment banks and other buy-side advisors, sell-side finders and other sources of investments and developing and maintaining an investment pipeline); (ii) activities with respect to the pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, actual and potential investments (including follow-on investments and other transactions involving the deployment of capital) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks and research firms, third-party due diligence and deal sourcing, software, subscriptions and service providers, consultants and similar professionals in connection therewith and any closing dinners, entertainment, mementos, after-hours meals and transportation); (iii) indebtedness of, or guarantees made by, a Fund, GCP, a General Partner or any affiliated partner on behalf of a Fund (including any margin loan, credit facility, letter of credit or similar credit support and indebtedness entered into pending participation by a co-investor in an investment), including interest with respect thereto, and costs associated with evaluating, negotiating or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker and similar services; (vi) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to the



AIFMD and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof); (vii) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (viii) developing, structuring, maintaining, operating and winding up administrative structures in Luxembourg other European countries and other jurisdictions that are put in place to establish required residence and/or operate the investment activities of the Funds (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith and a Fund's share of any such costs of any such structure involving other entities managed by, or affiliated with, GCP, the General Partners or any of their respective affiliates); (ix) legal, accounting, research, auditing, technology, administration (including costs associated with any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), research, consulting (including consulting, advisory and retainer fees, salary, expense reimbursement and other compensation paid to and benefits or personnel costs provided to or on behalf of the Executive Advisor Network or any of its members, the GCP Advisory Board or any of its members, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies, third-party operating consultants and other consultants), industry executives, subject matter experts, tax and other professional services (including professionals retained and other costs related to any SOC (Service Organization Controls Report) Type I or II control testing), including costs related to the establishment or maintenance of any such activities or services; (x) reverse breakup, termination and other similar arrangements; (xi) insurance, including directors and officers liability, fidelity bond, management liability, cybersecurity, property and casualty, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance (including costs related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (xii) filing, title, transfer, survey, registration and other similar activities; (xiii) printing, communications, mailing, courier, marketing and publicity; (xiv) financial, tax, administrative, compliance and U.S. and/or non-U.S. regulatory filings, reports, matters or functions, including the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with partners, any other administrative, compliance or regulatory filings or reports (including (A) any filings required under applicable securities laws regimes, (B) any forms, schedules, reports, filings, information or other documents prepared with respect to applicable tax and other authorities, including FATCA, the Standard for Automatic Exchange of Financial Account Information - Common Reporting Standard issued by the Organisation for Economic Cooperation and Development and any other comparable and/or applicable non-U.S. and U.S. laws, rules or regulations, (C) any reports to be filed with applicable commodities and/or trading commissions or regimes, (D) Form PF and Bureau of Economic Analysis Reports, (E) marketing, registration,

reporting, schedules, filings, compliance information, documents and other expenses arising in connection with any U.S. or non-U.S. jurisdiction related to marketing, offering, selling, holding, owning or disposing of interests in the Funds, including fees and expenses of any third party service providers and professionals (including depositories, attorneys, agents and representatives) related to the foregoing, and/or (F) tax returns, tax estimates, Schedules K-1 or other communications with partners, or other information), or other information (including any licensing, maintenance, upgrade and/or implementation costs of any limited partner administrative tools (including software and extranet tools) related to the foregoing), including costs of any third-party service providers and professionals related to the foregoing; (xv) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xvi) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, limited partner reporting, ledger systems, financial management and cybersecurity) or other administrative, valuation, information gathering or reporting tools or services (including subscription-based services); (xvii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs incurred in connection with EU Data Protection Law, the California Consumer Privacy Act, FOIA and other similar laws); (xviii) activities or proceedings of the LP Advisory Committee (including any reasonable out-of-pocket costs incurred by representatives of a General Partner, the LP Advisory Committee members, permitted observers and other persons in attending or otherwise participating in meetings of the LP Advisory Committee); (xix) indemnification (including legal and any other costs incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents or otherwise and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xx) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xxi) any annual, periodic or special meeting of the limited partners and any other conference, meeting or webcast or other video conference with any limited partner(s) and any periodic meeting, training program and/or event involving portfolio company management and personnel, Executive Advisor Network members and/or other limited partners (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers, attendee reimbursements and other meeting or conference-related costs), in each case to the extent incurred by a Fund, a General Partner or any other affiliate of the General Partner and regardless of whether all of the individuals attending or otherwise participating in any such meeting are limited partners or representatives thereof; (xxii) the Management Fee; (xxiii) except as otherwise determined by a General Partner in its sole discretion, any cost relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection

with such Fund, any costs incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs related to any structuring or restructuring of any alternative investment vehicle, portfolio company or portfolio company of any alternative investment vehicle; (xxiv) the termination, liquidation, winding up or dissolution of a Fund and any legal entities owned directly or indirectly by a Fund, including portfolio companies and related entities; (xxv) defaults by partners in the payment of any capital contributions; (xxvi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, a parallel Fund, a General Partner, a parallel Fund General Partner, the ultimate general partner, GCP, any entities owned directly or indirectly by a Fund (including portfolio companies) and any alternative investment vehicle of a Fund or parallel Fund, including the preparation, distribution and implementation thereof; (xxvii) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to regulatory compliance, privacy, data protection, environmental, social, governance, equity, know-your-customer, anti-money laundering, sanctions or antiterrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of a General Partner or any of its affiliates incurred in connection with the operation of a Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to a Fund, a General Partner and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to a Fund or a General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxviii) any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such costs or amounts have been determined to be excluded from the indemnification provided for the Governing Documents; (xxix) any consultants, experts or advisors, including independent appraisers engaged in connection with a Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same entity as one or more investment vehicles (other than a Fund) managed or controlled by a General Partner or any of its affiliates; (xxx) unreimbursed costs incurred in connection with any transfer or proposed transfer or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxxi) any taxes, fees and other governmental charges levied against a Fund and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund (except to the extent that the Fund is reimbursed therefor by a reimbursing partner) and any costs of or related to the "partnership representative" of a Fund, as further set forth in the Governing Documents; (xxii) distributions to the limited partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxxiii) unreimbursed and unpaid costs of the Executive Advisor Network or its members, employees or other persons engaged by the Executive Advisor Network; (xxxiv) compliance or regulatory matters, except as otherwise set forth in the Governing Documents, including compliance with the Governing Documents (including costs incurred in connection with the most-favored-nations process) and/or any side letter or similar agreement; (xxxv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of a General Partner, GCP or any of their respective affiliates or any member of

the Executive Advisor Network or GCP Advisory Board at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs; (xxxvi) any travel (including air travel, car or ride sharing services, other modes of transportation, meals, lodging and entertainment) and other meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxvii) hiring consultants or portfolio company management or personnel (including headhunter fees, background checks and/or relocation costs); (xxxviii) any of the items listed in clauses (i) - (xxxvii) above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (including co-investors' proportionate share of any expenses related to an investment or other opportunity not consummated); (xxxix) any organizational expenses; (xxxli) any placement fees; and (xxxli) any other costs approved by the LP Advisory Committee.

Out-of-pocket expenses associated with completed transactions can either be billed directly to a Fund, reimbursed by portfolio companies or capitalized as part of the acquisition price of a consummated transaction. Out-of-pocket expenses associated with unconsummated transactions ("broken deal expenses") are paid by the relevant Fund(s) selected as proposed investors in such transaction.

For information on GCP's brokerage practices and fees, please see Item 12 below.

### **Expense Reimbursement**

Certain expenses related to GCP's oversight of portfolio companies which are incurred on behalf of the Funds are reimbursed by a portfolio company pursuant to a management services agreement or other agreement with the specific portfolio company. These fees and expenses are often paid by GCP when incurred and invoiced in arrears or are paid directly by a portfolio company. Such expenses can include, without limitation: (i) travel expenses, which can include expenses for chartered or first-class travel and meals and entertainment expenses (such expenses including, as applicable, those relating to (a) the usage of premium black car and other car services, which from time to time include waiting time and (b) social and entertainment events, including closing dinners and mementos with portfolio company management, customers, clients, borrowers, brokers and service providers); (ii) expenses relating to training programs, meetings, conferences or other events (to the extent such programs, meetings or events are attended by portfolio company personnel); (iii) premium meals (including outside normal business hours); (iv) expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses); (v) indemnification expenses; (vi) insurance; (vii) corporate filings; (viii) certain legal expenses; (ix) similar out-of-pocket expenses; (x) consulting fees; and (xi) other consideration and expenses. In addition, to the extent a Fund or GCP initially bears the cost of certain fees or expenses but the benefit of the related services or expense is also received by another Fund, portfolio company or future fund or portfolio company, GCP will determine, subject to its ultimate discretion, whether to cause such other Fund or portfolio company to reimburse the initial Fund or GCP for such fees or expenses. Reimbursement by a portfolio company of out-of-pocket expenses incurred by GCP, a General Partner or their respective affiliates

will not be offset against the Management Fee payable by the Funds.

### **Offering and Organizational Expenses**

Each limited partner will bear its pro rata share of a Fund's organizational expenses incurred in connecting with the organization of the Fund ("Organizational Expenses"). The amount and type of Organizational Expenses varies by Fund and is further detailed in the Governing Documents of such Fund. Any amounts in excess of such permitted limit are borne by a Fund and offset dollar for dollar against Management Fees.

### **Executive Advisor Network Fees and Expenses**

GCP has created an executive advisor network (the "Executive Advisor Network") comprised of persons retained by GCP primarily to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to the Fund or any portfolio company or prospective portfolio company of the Fund. Executive Advisors often assist in identifying industry segments for prospecting, play a pivotal role in helping GCP identify prospect companies and entrepreneurs and then participate in outreach to the best of those opportunities. Once an investment is in process, Executive Advisors support in due diligence and development of the investment thesis and often play a role in the post-investment governance as board members and through active involvement in the value creation plan for the investment.

Executive Advisors are not GCP employees, nor are they exclusive to the Firm, but they have longstanding relationships with one or more of the GCP professionals, and in some cases have been working with GCP or its portfolio companies since GCP's inception. Executive Advisor Network membership itself is an uncompensated designation, though some Executive Advisors are compensated by a Fund and/or its portfolio companies on a case by case basis for work on investing activities, and all GCP portfolio company board members are compensated by the portfolio company.

From time to time, Executive Advisors receive, without limitation, cash fees, retainers, carried interest, directors' fees, transaction fees, a profits or equity interest in a portfolio company or equity interests in a Fund or General Partner, remuneration from GCP and/or portfolio companies. Certain fees payable to Executive Advisors are associated with a particular transaction and will typically be included in the closing costs payable by the applicable portfolio company. Other fees, such as board fees, are paid by the relevant portfolio company. In the event an Executive Advisor provides work for a portfolio company in addition to board service, any such fees are paid by the portfolio company directly to the Executive Advisor. Work performed by Executive Advisors for unconsummated transactions is borne by the Fund(s) that was to have participated in such transaction as part of broken deal expenses. The determination of the appropriate form and amount of compensation for such services takes into account a variety of factors but will ultimately be at the discretion of GCP and/or the GCP portfolio company, as applicable.

Executive Advisors typically incur expenses while working with GCP portfolio companies or potential portfolio companies or potential portfolio companies, including but not limited to, the cost of travel to portfolio companies and other out-of-pocket costs, and such expenses are paid or reimbursed by either GCP (generally in the case of general work performed for the management company, if applicable), the relevant portfolio company (generally in the case of consummated transactions) or the relevant Fund (generally in the case of unconsummated transactions). Some Executive Advisors are limited partners in the GCP Funds and participate as direct investors in portfolio companies in which they are involved, in each case at substantially more favorable economic terms compared to Fund limited partners as an incentive to invest and maintain active involvement with GCP.

Any compensation or reimbursements paid by a Fund or portfolio company to Executive Advisors will not offset any Management Fees payable by a Fund.

### **GCP Advisory Board Members**

In addition to the Executive Advisor Network, GCP has established an advisory board (the “GCP Advisory Board”) to provide advice and counsel to GCP, the General Partners, the Funds and/or their respective affiliates regarding Fund investments, market themes and trends, industry developments, strategic decision making and Firm management, general and specific business practices, team dynamics and other similar matters as determined by GCP in its sole discretion. Members of the GCP Advisory Board are not employees of GCP but are third-party consultants and/or advisors compensated or expected to be compensated by the Funds and/or their portfolio companies. Such compensation can include, but is not limited to, cash fees, retainers, carried interest, directors’ fees, a profits or equity interest in a portfolio company or equity interests in a Fund or a General Partner, expense reimbursement and/or remuneration from GCP, a Fund and/or a Fund’s portfolio companies. No such compensation is expected to offset any Management Fees paid to GCP.

### **Portfolio Company Remuneration**

As mentioned above, GCP receives certain Portfolio Company Fees and compensation with respect to portfolio investments. GCP generally has discretion over whether to charge portfolio company fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company’s holding or operating structure. On occasion, in certain circumstances (such as a portfolio company’s liquidity needs or otherwise) GCP determines in its discretion to waive, defer or renegotiate, in whole or in part, the amount of Portfolio Company Fees received from a portfolio company. GCP endeavors to require the payment of such fees only to the extent permitted by the earnings or cash position of the applicable portfolio company, and GCP will defer or forego the payment of such fees if too burdensome for the portfolio company or at such time a senior credit agreement prohibits the payment of such fees. GCP makes such determinations on a case-by-case basis and reserves the right to take different actions (or no action) with respect to similarly-situated portfolio companies.

## **Fee Receipt Allocation**

From time to time, GCP, a Fund or a portfolio company agrees to pay a transaction fee, portion of the Management Fee, Carried Interest, equity grant or other fee to a third party, such as a consultant, Executive Advisor, Advisory Board member, finder, placement agent, broker and/or investment banker. Similarly, on occasion certain members of a portfolio company management team receive additional cash and equity compensation, including bonus payments or incentive equity payments based on the applicable portfolio company meeting certain success hurdles. Such compensation indirectly reduces the proceeds available for distribution to portfolio company investors at the time of such portfolio company's sale. None of these fees or compensation offset Management Fees payable by a Fund.

## **Co-Investment Fees and Expenses**

In certain circumstances, GCP permits certain limited partners and third-party investors to co-invest in investments alongside one or more Funds, subject to GCP's related policies and procedures, the relevant Governing Documents and/or side letter(s) or similar arrangements. Since co-investments will not be made through a Main Fund or an Executive Fund, any compensation received in connection with a co-investment does not arise out of the investment activities of a Main Fund or actions taken directly or indirectly by GCP on behalf of such Fund and, therefore, none of such fees and other co-investor-related compensation reduces the Management Fee paid by such Main Fund. Where a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds.

In the event a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any fees and expenses generated in the course of evaluating such investments, including out of pocket fees associated with due diligence, attorney fees, fees of other professionals and various other fees relating to such proposed but not consummated transaction ("broken deal expenses") therefore will generally be borne by the Fund(s) selected as proposed investors for such proposed transaction and not by any prospective co-investors that were to have participated in such transaction. Co-investors who commit to a transaction after a Fund signs a definitive purchase agreement will lower the risk of broken deal or similar expenses incurred by such Fund (and indirectly, by such Fund's limited partners) in connection with such transaction based on the timing of when a co-investor becomes contractually obligated to invest. However, to the extent that such co-investors have already invested in a co-investment vehicle or other special purpose vehicle in connection with such transaction such vehicle and/or co-investor is expected to bear its share of such broken deal expenses (which will generally be recorded at such portfolio company).

## **Allocation of Fees and Expenses**

In good faith and in its fair and reasonable discretion, GCP determines on a case-by-case basis whether an expense should be borne by the Firm, a Fund, multiple Funds or a portfolio company. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the

extent that an invoice does not relate to a specific Fund, GCP will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by GCP.

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

A carried interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. The relevant General Partner receives a Carried Interest allocation on certain realized profits in the Funds equal to 20% of all realized profits (although some Funds charge a lower Carried Interest allocation) subject to an 8% annually compounded preferred return (or hurdle) and subject to reimbursement of all relevant Fund expenses, including Management Fees. Calculated based on cumulative realized gains and income only, Carried Interest is allocated to a General Partner as portfolio holdings are liquidated or otherwise monetized and is subject to a potential giveback if the respective General Partner has received excess cumulative distributions. Each Fund's Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund's Governing Documents received by each limited partner prior to investment in such Fund.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund, in its sole discretion, is permitted to waive or reduce the amount of Carried Interest for certain Funds or limited partners in a Fund. Specifically, Carried Interest is waived for principals and employees investing through a General Partner or an Executive Fund and for GCP Advisory Board members investing in a Main Fund. Carried Interest is also reduced or waived for certain Co-Investment Funds.

The fact that a General Partner's Carried Interest allocations are based on the performance of each Fund can create an incentive for GCP to make investments that are more speculative than would be the case in the absence of such distributions. The Firm believes this incentive is sufficiently mitigated, however, due to the fact that: (i) the applicable Governing Documents create limitations on the ability of GCP to establish new investment funds; (ii) the Funds are subject to certain contractual provisions requiring certain parallel Funds to purchase and sell investments contemporaneously; (iii) any losses a Fund sustains will reduce the General Partner's Carried Interest distribution; (iv) Carried Interest is generally calculated only after limited partners have received as distribution 100% of their capital contributions plus a preferred return; (v) a General Partner often makes a substantial commitment to a Fund to invest its own capital alongside the limited partners; and (vi) GCP's ability to attract future investors is tied to the performance of its investments.

GCP manages multiple Funds with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard



to GCP's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although GCP generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund in which GCP or an affiliate has a greater financial interest. To help minimize such conflicts of interest, GCP allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with GCP's policies and procedures regarding investment allocation and the applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by GCP. GCP's procedures are designed to ensure that all investment decisions are made in accordance with GCP's fiduciary duties to its Funds and without consideration of GCP's (or its affiliates' or employees') pecuniary interest. GCP will not allocate investment opportunities based in whole or in part on the relative fee structure or amount of fees paid by any Fund or the profitability of any Fund. Investment allocation decisions are determined by the investment committee.

#### **Item 7 – Types of Clients**

GCP provides investment advice to its Funds, which are exempt from registration under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder ("Investment Company Act"). The Funds limit their respective limited partners to (i) "accredited investors" as defined in the Securities Act of 1933, (ii) "knowledgeable employees" as defined in the Investment Company Act and/or (iii) and "qualified clients," as defined in the Advisers Act. Limited partners in the Funds must also meet certain other suitability qualifications prior to making an investment in the Funds. The Funds are not registered or required to be registered under the Investment Company Act, are not made available to the general public, their securities are not registered or required to be registered under the Securities Act of 1933 and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to GCP and/or the Funds. The Funds typically require capital commitments from each limited partner of at least \$5 million, depending on the Fund, although the applicable Fund's General Partner has, in its sole discretion, accepted lesser amounts.

The limited partners participating in the Funds include high net worth individuals, other investment entities, fund of funds, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations, corporations, limited partnerships, limited liability companies or

other business entities, Executive Advisor Network, GCP Advisory Board members or other service providers retained by GCP, and typically include, directly or indirectly, principals or other employees of GCP and its affiliates and members of their families.

GCP offers co-investment opportunities for certain limited partners and third-party investors to invest alongside a Fund in certain Fund portfolio companies. As referenced in Item 4 above, co-investments have been structured either as (i) a separate Co-Investment Fund or (ii) a direct investment by certain investors into a portfolio company or its holding or operating company. When structured as a Co-Investment Fund, GCP considers the investment to be a Fund client, identifies the Fund in its Form ADV Part 1, Schedule D, Section 7.B.(1), obtains an audit for the Fund, reserves the option to assess a Management Fee and Carried Interest on such Fund and includes the amount of assets of such Fund in the Firm's regulatory assets under management. In the case of direct co-investments, GCP does not consider the investment to be a Fund or a client, does not act as the investment manager to the co-investment portion of the investment, does not charge Management Fees or Carried Interest to the investment, does not have custody of the investment or include the amount of assets of the co-investment in the Firm's regulatory assets under management. In such direct co-investment opportunities, GCP will perform management, advisory and other services for the portfolio companies in which these co-investors invest, generally at no cost to such co-investors except portfolio company fees and expenses (which such fees and expenses are recorded at the portfolio company).

Opportunities to participate in co-investment transactions arise when GCP has the opportunity for an investment in an existing or prospective portfolio company and GCP determines that (i) an investment requires additional capital, (ii) all or a portion of the applicable opportunity is not required to be offered to a Fund or (iii) the full investment opportunity is not appropriate for a Fund, whether due to concentration restrictions contained in the Fund's Governing Documents or otherwise. Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements, agreements with lenders and such other factors as GCP will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. GCP's exercise of discretion in allocating co-investment opportunities will not always result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are permitted, it is possible that the size of the investment opportunity otherwise available to GCP's Fund(s) will be less than it would otherwise have been without the inclusion of such co-investors.

Co-investment opportunities are made available to select Fund limited partners and third parties, including, without limitation, management or founders of the applicable portfolio company, co-sponsors, strategic investors, lenders, investment bankers, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), service providers,

Executive Advisor Network members, sector experts, strategic advisors, other persons or entities affiliated, associated or otherwise known to GCP or its personnel. Certain service providers, including lenders and individuals who source transactions, have in the past and are expected in the future to negotiate co-investment rights or co-investment priority rights as a component of their compensation in connection with the services provided.

GCP can cause some co-investors to bear a Management Fee and/or Carried Interest while not imposing a Management Fee and/or Carried Interest (or imposing a different Management Fee or Carried Interest) on other co-investors. In certain cases, co-investment opportunities can include opportunities to invest in Fund portfolio companies at a time when there is not a corresponding Fund investment or on different terms than a Fund investment. Some co-investors can be provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisers of a GCP portfolio company. Positions on boards of directors or advisers of such portfolio companies provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or Co-Investment Fund purchases a portion of an investment from a Fund after such Fund has consummated its investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or Co-Investment Fund generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. The Funds also will bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment may acquire such interest on terms that may not reflect the then-current value of such investment.

In the event GCP is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that a Fund will consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, it is possible an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

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

### **Strategy**

GCP seeks to acquire controlling equity interests in profitable companies in the middle market and lower-middle market sectors of the private equity market in information, marketing and tech-enabled

services businesses headquartered in North America. GCP believes its combination of private equity investing with vertically focused investment banking, proprietary origination and innovative value creation strategies create a distinct competitive advantage.

Target companies typically have between \$3 million and \$7 million of EBITDA with transaction sizes of up to \$60 million in enterprise value. Most of the Fund's platform equity investments are expected to typically range in size from \$25 million to \$55 million of aggregate Fund capital, with larger transactions supplemented by co-investments. Since GCP intends to generally target only profitable businesses, debt capital will typically be employed in addition to the Fund's equity commitments; nevertheless, returns for successful investments are expected to result primarily from any revenue and profit growth created by the business transformation that GCP seeks to facilitate.

## **Risks**

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and limited partners must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those limited partners who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. Limited partners should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below will likely arise in the future and, therefore, the following list is not intended to be exhaustive. While the following discusses risks as they relate to the Funds, co-investment vehicles will also be subject to some or all of the following risks, depending on the risks associated with the applicable transaction or investment strategy. Risks and potential conflicts of interest include, but are not limited to, the following:

*Investments in Private Companies.* The Funds' investment portfolio are expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Investment in Junior Securities.* The Funds are permitted to invest in securities which are among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Funds' investment once made.

*Concentration of Investments; Lack of Diversification.* The Funds will participate in a limited number of investments and reserve the right to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry can substantially affect its aggregate return.

The Funds are permitted to provide bridge financing to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period

specified in the Governing Documents. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the investment limitations set forth in the Governing Documents.

*Unspecified Investments.* Limited partners will be relying on the ability of GCP to locate and evaluate the investments to be made by the Funds. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that GCP will be able to identify, or a Fund will be able to complete, portfolio investments that satisfy each Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values or that the Funds will be able fully to invest their committed capital.

*Competition.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, publicly-traded special purpose acquisition companies and other private equity funds, investing directly or through affiliates. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of the Funds' competitors for investment opportunities can have significantly more relevant experience, greater financial resources, a greater willingness to take on risk and/or more personnel than GCP, the Fund and their respective affiliates.

GCP expects that competition for appropriate investment opportunities has the potential to increase, which could also require the Fund to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to a Fund and/or adversely affecting the terms upon which portfolio investments can be made.

To the extent that the Funds encounter significant competition for investments, returns to limited partners can be negatively affected. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear Management Fees through the Funds during the investment period based on the entire amount of the applicable limited partners' commitments and other expenses as set forth in the relevant Governing Documents.

*Dynamic Investment Strategy.* The Funds are not restricted in terms of the percentage of its capital that can be invested in a particular industry. Many factors have the potential to contribute to changes in emphasis in the construction of the portfolio, including changes in market or economic conditions or regulation applicable to particular industries and changes in the political or social situations in particular countries. While the Firm generally intends to seek attractive returns for the Funds primarily through making private equity investments, GCP is permitted to pursue additional investment

strategies and can modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The Firm reserves the right to pursue investments outside of the industries and sectors in which the principals have previously made investments or have internal operational experience.

*Force Majeure Events.* Certain force majeure events (*i.e.*, those events beyond the control of the party claiming that the event has occurred, including acts of God, fires, floods, earthquakes, war, acts of terrorism, labor strikes, pandemics, outbreaks of infectious diseases or any other serious public health concerns) can adversely affect the ability of GCP, its affiliates, the Funds, their portfolio companies, counterparties of the foregoing or other persons or entities to perform their respective obligations. The cost of repairing or replacing assets damaged by a force majeure event could be considerable. In addition, repeated or prolonged service interruptions resulting from a force majeure event can result in a permanent loss of customers, substantial litigation or significant penalties for regulatory or contractual non-compliance, though in some cases, agreements may be terminable if a force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. The occurrence of a force majeure event can, directly or indirectly, have a material adverse effect on the Funds and/or any of their portfolio companies.

*Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19, have and are resulting in market volatility and disruption, and future events have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which can result in significant losses to the Funds.

Currently, there is an ongoing outbreak of COVID-19, which has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across nearly all of the world’s largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19’s impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and can have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to fully “re-open,” it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds and their portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact can include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors can limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions will potentially constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intends to pursue, all of which could adversely affect the Funds’ ability to fulfill its investment objectives. These factors can also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies and the Firm can be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity’s personnel. These measures can hinder such entities’ ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which the Funds invest are (or can become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments can be highly dependent upon various government (or private) reimbursement programs. While the Funds intend

to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex and can be ambiguous or lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, can have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. It is possible that losses on unsuccessful investments will be realized before gains on successful investments are realized. The Funds' ability to dispose of investments have the potential to be limited for several reasons. Illiquidity can result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by ae Fund. Dispositions of investments can be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In view of these limitations on liquidity, the Funds generally will not be able to return capital or realize gains, if any, on an investment in a privately-held entity until the partial or complete disposition of such entity. While an investment can be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there can be no guarantee that there will be a current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee payable to the Firm) can, in some instances, exceed a Fund's income, thereby requiring that the difference be paid from the Fund's capital, including unfunded commitments.

*Leveraged Investments; Borrowing.* The Funds are authorized to make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds' opportunity for higher returns and its risk of loss from a particular investment, and the magnification of the risk of loss has the potential to be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets (which can be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, especially in light of the uncertainty in connection with the ongoing COVID-19 pandemic. As a result, at times it is possible that it will be difficult for portfolio companies to obtain or maintain the desired degree of leverage. The availability of leverage is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System (the "Federal Reserve"), the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt. The use of leverage by a portfolio company also imposes restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, and can impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of a portfolio company will increase the exposure of the Funds' investments to any deterioration in a portfolio company's condition or its industry, competitive pressures, an adverse economic



environment or rising interest rates (which in recent years have been at or near historic lows) and could accelerate or magnify any decline in the value of a Fund's investment in a leveraged portfolio company in a market downturn. In the event a portfolio company cannot generate adequate cash flow to meet its debt service, a Fund is likely to suffer a partial or total loss of capital invested in such portfolio company, which could adversely affect a Fund's returns. Additionally, in such a situation, lenders would typically have a claim that has priority over any claim by the Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a portion of a portfolio company, there can be no guarantee that the Fund will achieve an exit multiple or enterprise valuation consistent with its forecasts for such portfolio company. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal level of financial leverage, a Fund can hold a larger than expected equity investment in such portfolio company and realize lower than expected returns from such portfolio company, which would likely adversely affect the Fund's ability to generate attractive investment returns for the Fund as a whole. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of prospective portfolio companies that the Fund has contracted to purchase.

The Funds are also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that the Funds would be compensated for providing such guarantee or exposure to such liability. Any use of leverage by a Fund generally will also result in fees, interest expenses and other costs to such Fund that can exceed, or otherwise not be covered by distributions made to the Fund or appreciation on its investments. The Funds are permitted to incur leverage on a joint and several basis and, in connection with incurring such indebtedness, GCP reserves the right, in its sole discretion, to cause a Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent the Funds incur leverage or provide any guarantees, such amounts are permitted to be secured by the capital commitments of the Funds' limited partners and other Fund assets. The inability of a Fund to repay any leverage secured by the capital commitments of the Fund's limited partners could enable a lender to issue a capital call directly to the Fund's limited partners and would require such limited partners' contributions to be made directly to the lenders instead of the Fund.

*Use of Credit Facilities.* The Funds are permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called. GCP anticipates it will predominantly draw on a Fund's line of credit to smooth capital calls to a Fund's limited partners. A Fund's use of such facilities will be determined by GCP, and the performance of a Fund can be impacted by how GCP causes a Fund to utilize such facilities. Although the use of such a facility has the potential to increase a Fund's ability to swiftly invest capital, it also will cause the Fund to incur interest expense and other costs and subject limited partners to certain

risks. For example, because amounts borrowed under a subscription line typically are secured by pledges of a General Partner's right to call capital from the limited partners, limited partners can be obligated to contribute capital on an accelerated basis if a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against a Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

Fund-level borrowing will result in incremental expenses that will be borne by the limited partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the limited partners and the terms of the Governing Documents, it can be higher than the interest rate a limited partner could obtain individually. Conflicts of interest have the potential to arise in that the use of such facilities generally will delay the need for limited partners to make certain contributions to a Fund, which generally would enhance the Fund's internal rate of return calculations and thereby benefit the marketing efforts of GCP. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors as, to the extent co-investors are not required to act as guarantors under the relevant facility, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor limited partners generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities of the use of the subscription line.

A credit agreement generally will contain other terms that restrict the activities of the Funds and the limited partners or impose additional obligations on them. For example, a subscription line in some cases imposes restrictions on a General Partner's ability to consent to the transfer of a limited partner's interest in such Fund. In addition, in order to secure a subscription line, a General Partner is often required to request certain financial information and other documentation from limited partners to share with lenders. The General Partners will have significant discretion in negotiating the terms of any subscription line and are permitted to agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. To the extent provided in the Governing Documents, any such borrowing is permitted to remain outstanding for such time as the General Partner deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of the Fund,

but will not extend past six months for Fund II and twelve months for Fund I. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time.

If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed to the limited partners. Accordingly, borrowings by a Fund or portfolio companies might support the distribution of proceeds to limited partners and increase the potential carried interest for a General Partner; however, the interest incurred due to such borrowing would reduce the Carried Interest received by the General Partner. Subject to the limitations in the Governing Documents, if any, this conflict of interest incentivizes the General Partners to permanently fund the acquisition and ongoing capital needs of investments of the Funds and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

*No Market for Interests; Restrictions on Transfer; No Right of Withdrawal.* Limited Partner interests in the Funds generally are not permitted to be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the General Partners, which is permitted to be withheld pursuant to the Governing Documents, and the General Partners reserve the right to restrict the volume of transfers permitted in any calendar year in order to comply with certain safe harbors under the tax regulations promulgated under the Internal Revenue Code. Voluntary withdrawals from the Funds will not be permitted except in very limited circumstances generally involving situations where retaining an interest in a Fund would violate certain laws or regulations. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. Interests in the Funds have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not contemplated that registration of the interests in the Funds will ever be effected. Limited partners will not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in the Fund for an extended period of time.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds, will be vested with GCP. Consequently, the Funds'

future profitability and investment performance will depend largely upon the business and investment acumen of the principals. The loss or reduction of service of one or more of the principals would likely have an adverse effect on the Funds' ability to realize their investment objectives. In addition, the principals currently, and expect to in the future, manage or advise other investments and/or investment funds besides the Funds and the principals expect that they will need to devote substantial amounts of their time to the investment activities of such other investments and/or funds, which will pose potential conflicts of interest in the allocation of the time of the principals. Limited partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of GCP. In addition, certain changes in GCP or circumstances relating to GCP can have an adverse effect on the respective Funds or one or more of their portfolio companies, including potential acceleration of debt facilities. The success of many of the Funds' portfolio companies is heavily dependent on the management of such companies. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Additionally, GCP will generally establish the capital structure of companies in which the Funds invest on the basis of financial projections for such companies, which will contain significant judgment and input from the portfolio company management team. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives. Portfolio companies need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio company is held by a Fund. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds can be adversely affected thereby.

*Projections.* Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by GCP in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results can be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Risks in Effecting Operating Improvements.* In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of the Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements can divert the attention of key personnel and disrupt normal business. There can be no assurance that the Funds will be able to successfully identify and implement such improvements or that any such

successfully implemented improvements will result in a return on invested capital with respect to such portfolio company.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions.* Before making investments, GCP will conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence entails evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties are involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and GCP will rely on the advice received from such third parties. Investment analyses and decisions by GCP will often be undertaken on an expedited basis in order for a Fund to take advantage of investment opportunities and/or consummate investments. In such cases, the information available to GCP at the time of an investment decision will be limited, and GCP will not have access to all of the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

*Conflicting Limited Partner Interests.* Limited partners often have conflicting investment, tax and other interests with respect to their investments in the Funds, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. Conflicts can arise in connection with decisions made by GCP regarding an investment that has the potential to be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, GCP generally will consider the investment and tax and other relevant objectives of a Fund and its limited partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, can complicate or prevent the Funds' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, there is a risk that the Funds will invest in fewer

transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

In light of the heightened regulatory environment in which the Firm operates and the ever-increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time-consuming for GCP and its affiliates to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulations applicable to private investment funds generally or the Funds, the General Partners or GCP can result in increased expenses associated with the Funds' activities and additional resources of GCP being devoted to such regulatory reporting and compliance-related obligations, which can reduce overall returns for limited partners in the Funds or have an adverse effect on the ability of the Funds to effectively achieve their investment objectives. Increased reporting, registration and compliance requirements has the potential to divert the attention of personnel and the management teams of GCP, and can furthermore place the Funds at a competitive disadvantage to the extent that GCP is required to disclose sensitive business information.

*Need for Follow-On Investments.* Following their initial investment in a given portfolio company, the Funds expect to provide additional funds to such portfolio company or to increase their investment in a portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments can have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments can result in a lost opportunity for the Funds to increase their participation in a successful portfolio company or the dilution of the Funds' ownership in a portfolio company if a third party invests in such portfolio company.

*Significant Adverse Consequences for Default.* The Governing Documents provide for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, there is a risk that a defaulting limited partner will be forced to transfer its interest in a Fund for an amount that is less than the fair market value of such interest and that such amount will be paid over a period of up to ten years, without interest. Whether and how to exercise the General Partners' remedies against a defaulting limited partner will be in the sole discretion of the relevant General Partner, and the General Partners reserve the right to require the non-defaulting limited partners to contribute capital to make up for the shortfall created by such defaulting limited partner.

*Impacts of Excuse or Exclusion.* A limited partner's participation in a Fund's investments can be limited by virtue of a General Partner's right to exclude a limited partner from, or a limited partner's right to be excused from, participating in certain of a Fund's investments as set forth in the Governing

Documents and/or such limited partner's side letter, thereby increasing the participation of other limited partners. As a consequence of one or more limited partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating limited partners could be adversely affected in a material manner by the unfavorable performance of even one investment by a Fund.

*Failure to Make Capital Contributions.* If a limited partner fails to pay when due installments of its commitment to a Fund, and the contributions made by non-defaulting limited partners and borrowings by the Fund are inadequate to cover the defaulted amount, the Fund may be unable to pay its obligations when due. As a result, the Fund can be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners).

*Minority Investors.* It is possible that a third-party could acquire a minority ownership interest in a General Partner, GCP and/or an affiliate thereof. The existence of a minority investor could raise certain potential conflicts of interest. Specifically, a minority investor can be an investor, or subsequently invest, in a Fund and have minority economic interests in a General Partner and/or GCP and, in such capacity, would be entitled to receive a portion of the Carried Interest and/or a portion of the net income to which GCP would otherwise be entitled. GCP does not expect that any minority investor would be involved in the management of the Funds, the General Partners or GCP. The existence of these minority economic interests could diminish the alignment of a minority investor's interests with the other Fund limited partners. Additionally, it is possible a minority investor will have relationships with other investment vehicles and accounts that could give rise to potential conflicts of interest. For example, a minority investor and/or its affiliates may sponsor, advise, underwrite, manage or invest in other investment vehicles and accounts that pursue investment strategies similar to those of the Funds. Such activities could adversely affect the Funds; for example, a minority investor and/or its affiliates may compete with a Fund for investment opportunities, and GCP expects that a minority investor would be under no obligation to share any investment opportunity, idea or strategy with the Funds, the General Partners or GCP.

*Recycling; Reinvestment.* The General Partners generally have the right to recall certain capital returned or distributed to the limited partners. Accordingly, during the term of the Funds, a limited partner may be required to make capital contributions in excess of its commitment (subject to certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, a limited partner will remain subject to investment and other risks associated with such investments.

*Reserves.* As is customary in the industry, GCP will establish reserves for investments by the Funds, operating expenses of the Funds, Fund liabilities and other matters. Estimating the appropriate amount of such reserves is difficult. Inadequate or excessive reserves could impair the investment returns to the limited partners. If reserves are inadequate, a Fund may be unable to take advantage of attractive investment opportunities or be unable to pay its liabilities or expenses as they come due. If

reserves for liabilities or expenses are excessive, a Fund may decline attractive investment opportunities.

*Fees and Expenses.* The Funds will pay and bear all expenses related to their operations, including Management Fees and the costs of holding, monitoring, maintaining and disposing of portfolio companies, including investment banking fees and consulting fees, whether or not a Fund makes any profits. While it is difficult to predict the future expenses of the Funds, such expenses are expected to be substantial and can surpass a Fund's operating income. The amount of these Fund expenses will reduce the actual returns realized by limited partners on their respective investments in a Fund (and can, in certain circumstances, reduce the amount of capital available to be deployed by a Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it can be hard to budget or forecast. As a result, the amount of Fund expenses ultimately called or called at any one time can exceed expectations.

*Control Person Liability.* The Funds are expected to have controlling interests in a number of their portfolio companies. The exercise of control over a company can impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws and regulations) and other types of liability, for which the limited liability generally afforded to the limited partners can be ignored. In particular, if determined to be a direct owner or operator of any of the portfolio company's facilities or operations, a Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, the Fund might suffer significant losses. While GCP intends to manage the Funds in a manner that will minimize the exposure of these risks, the possibility of successful claims against the Funds and/or their affiliates cannot be precluded.

*Public Company Holdings.* GCP reserves the right to cause a Fund's investment portfolio to contain securities and debt issued by publicly held companies. Such investments can subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals and increased costs associated with each of the aforementioned risks.

*Distressed Investments.* GCP reserves the right to cause the Funds to invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate



distressed companies, there can be no assurance that GCP will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

*Non-Controlling Investments.* The Funds are permitted to hold meaningful minority stakes in privately held companies and in some cases can have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund holds will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it can be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it can be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies will be controlled or influenced by persons and/or entities who can have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Fund or the limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, the Funds generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the Funds will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Director Liability.* The Funds generally have the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which they invest (each, a "Board Representative"). In those instances where a Fund is not the sole shareholder of the applicable portfolio company, a Board Representative is expected to have duties to persons and/or entities other than the Fund. Serving on the board of directors (or similar governing body) of a portfolio company will expose a Board Representative, and ultimately such Fund, to potential liability. There is no assurance that all portfolio companies will obtain insurance with respect to such liability, and it is possible that the insurance that portfolio companies do obtain will be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Funds' investment activities.

*Limitation of Recourse and Indemnification.* The relevant Governing Documents limit the circumstances under which GCP, the General Partners and their affiliates are held liable to the Funds. As a result, limited partners have a more limited right of action in certain cases than they would have in the absence of such provisions. In addition, the relevant Governing Documents provide that the applicable Fund will indemnify GCP, the respective General Partner and their affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of such Fund. Such indemnification obligations carry the potential to materially impact the returns to limited partners. The obligations of a limited partner to fund any indemnification will generally survive the dissolution of a Fund.

*Litigation.* The transactional nature of the business of the Funds exposes the Funds, the General Partners and their respective affiliates generally to the risk of third-party litigation. In the ordinary course of business, the Funds can be subject to litigation from time to time. Additional regulation could also increase the risk of third-party litigation. The outcome of such proceedings can materially adversely affect the value of the Funds and can potentially continue without resolution for long periods of time. Any litigation can consume substantial amounts of GCP's and the principals' time and attention, and that time and the devotion of these resources to litigation can, at times, be disproportionate to the amounts at stake in the litigation.

*LP Advisory Committee.* GCP has appointed limited partner representatives to the LP Advisory Committee. The Governing Documents provide that to the fullest extent permitted by applicable law, none of the LP Advisory Committee members in respect of the activities of the LP Advisory Committee shall owe any fiduciary duties to the respective Fund or any other limited partner. In addition, it is possible that representatives of the LP Advisory Committee will have various business and other relationships with GCP and its partners, officers, directors, employees and affiliates. These relationships have the potential to influence their decisions as members of the LP Advisory Committee.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence can be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence can lead to or extend a localized or global economic downturn. A climate of uncertainty can reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn can have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This can slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn can also have an adverse effect upon a Fund's portfolio companies.

*General Economic and Market Conditions.* The private equity industry generally and the success of the Funds' investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by GCP. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) can have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions can reduce the availability of attractive investment opportunities for the Funds and can affect the Funds' ability to make investments. Instability in the securities markets and economic conditions (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) can also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the Funds' portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011 or the recent downturn in the U.S. and global financial markets, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates can adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector can have an adverse effect on the ability of the Funds to sell and/or partially dispose of its portfolio company investments. Such adverse effects can include the requirement of the Funds to pay break-up, topping, termination or other fees and expenses in the event a Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the Firm believes reflect the fair value of such investments. The impact of market and other economic events can also affect the Funds' ability to raise funding to support their investment objective.

*Cybersecurity Risks and Identity Theft.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. The Funds and their portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquake. Although GCP intends to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, GCP, the Funds and/or a portfolio company is expected to incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in GCP's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to limited partners (and the beneficial owners of limited partners). Such a failure could harm GCP's, the Funds' and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims and/or regulatory actions or otherwise affect their business and financial performance. To the extent that a portfolio company is

subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks can be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or a Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at GCP or one of its affiliates or service providers holding its financial or limited partner data, GCP, its affiliates or the Fund can also be at risk of loss.

*Agreements with Certain Limited Partners.* The Funds and/or the General Partners expect to enter into a side letter or other similar agreement with certain limited partners in connection with its admission to a Fund without the approval of any other limited partner, which would have the effect of establishing different or preferential rights or terms under, altering or supplementing the terms of, or confirming the interpretation of the applicable Governing Documents with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other limited partners, and such rights can be significant. Such rights, terms or confirmations in any such side letter or other similar agreement can include (i) excuse, exclusion or withdrawal rights applicable to particular investments or limited partners (which can increase the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, certain investments); (ii) reporting obligations of GCP; (iii) consent of a General Partner to certain transfers by such limited partner; (iv) different fees structures (including discounted or rebated compensation terms); or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such limited partner. Except where required by the Governing Documents, other limited partners will not receive copies of side letters or related provisions, and as a general matter, the other limited partners have no recourse against a General Partner, a Fund or any of their affiliates in the event that certain limited partners have received additional and/or different rights and/or terms as a result of such side letters.

*Deterioration of Credit Markets Can Affect Ability to Finance and Consummate Investments.* In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Funds to obtain favorable financing for investments, a Fund's ability to generate attractive investment returns can be adversely affected. Moreover, to the extent that such deterioration is not temporary and continues, it can have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such deterioration also can restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

*Material Non-Public Information.* As a result of the operations of GCP and its affiliates, as well as in connection with officerships and directorships of GCP's personnel, there exists the possibility that the Firm will come into possession of confidential or material, non-public information. Therefore, the Firm and its affiliates may, in certain instances, have access to material, non-public information

that would be relevant to an investment decision to be made by a Fund. Consequently, a Fund can be restricted pursuant to applicable securities laws or GCP's internal policies from initiating a transaction or selling an investment which, if such information had not been known to it, would have been undertaken. Due to these restrictions, it is possible a Fund will be unable to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

## **Conflict of Interest**

Limited partners should be aware that various actual and potential conflicts will arise from the overall investment activities of the Funds, GCP and its affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in the Funds. In addition, limited partners should be aware that GCP and its personnel might in the future engage in further activities that result in additional conflicts of interest not addressed below. There can be no assurance that GCP will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds.

*Allocation of Investment Opportunities.* The principals expect to spend a portion of their business time and attention pursuing investment opportunities and managing investments across all Funds. GCP believes that the significant investment of the principals in the Funds, as well as the principals' interest in the Carried Interest, operate to align, to some extent, the interest of the principals with the interest of the limited partners. At such time as GCP is permitted to raise successor investment funds, the principals will continue to manage any current Funds' investments, but will also focus investment activities on other opportunities and areas unrelated to the current Funds' investments. Certain investments can be allocated between the Funds and any future funds in a manner as set forth in the Governing Documents.

Until such time as GCP is permitted under the Governing Documents to commence operations of a successor investment fund to the most recently raised Fund, the principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of such Fund principally for the benefit of the that Fund, subject to certain exceptions set forth in the Governing Documents. Over time, certain investment opportunities could be suitable for more than one Fund or future funds. In determining which Fund should participate in such investment opportunities, subject to the Governing Documents, GCP, the principals and their affiliates are subject to potential conflicts of interest. To determine which Fund or Funds should participate in an investment opportunity, the Firm generally assesses whether an investment opportunity is appropriate for each relevant Fund based on the terms of such Fund's Governing Documents, as well as other factors. In certain instances, the Funds will invest together. GCP will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with its obligations. In the event that the available amount of an investment opportunity in which a Fund invests exceeds an amount appropriate for any such Fund, such excess can also be offered to one or more potential investors (see "Co-Investments" below).

GCP's allocation of investment opportunities among the Funds will not be proportional. Therefore, such allocations can be more advantageous to one Fund relative to another Fund. While GCP will allocate investment opportunities in a way that it believes in good faith is fair and equitable to all Funds, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which the Firm is subject did not exist.

Additionally, conflicts of interest can arise if one Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund. For instance, there can be no guarantee that a Fund will be able to invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Fund. This can result in differences in price, investment terms, leverage and associated costs between Funds. There can be no assurance that the Funds will exit the investment at the same time or on the same terms, and there can be no assurance that each Fund's return on such an investment will be the same. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to a particular Fund.

*Allocation of Fees and Expenses.* GCP will be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. The Firm, in its sole discretion, will allocate fees and expenses in accordance with the relevant Governing Documents and in a manner that it believes in good faith is fair and equitable to the Funds under the circumstances over time and considering such factors as it deems relevant. The allocations of such expenses will not always be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate pro rata based on the number of funds or co-investors receiving related benefits or proportionately in accordance with asset size.

Additionally, a portfolio company typically will reimburse GCP or service providers retained at GCP's discretion for expenses (including, without limitation, travel expenses) incurred by GCP or such service providers in connection with the performance of services for such portfolio company. This subjects GCP to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the relevant Governing Documents and GCP's internal reimbursement policies and practices, the Firm determines the amount of these reimbursements for such services in its own discretion.

*Portfolio Company Boards.* The Funds make controlling investments in portfolio companies. As a result of these significant investments, GCP typically has the right to appoint portfolio company board members (including current or former GCP personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to GCP in connection with services provided by the Firm and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the relevant Governing

Document's offset provision, are in addition to the Management Fee or Carried Interest discussed herein. GCP's authority to appoint or influence the appointment of portfolio company board members who are involved in approving compensation payable to the Firm subjects GCP and any such portfolio company board appointees to potential conflicts of interest.

*Industry Relationships.* GCP is permitted to employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds; conversely, former personnel or executives of GCP may serve in significant management roles at portfolio companies or service providers recommended by GCP. Similarly, GCP and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities have invested (or are affiliated with a limited partner) in, engage in transactions with and/or provide services (including services at reduced rates) to, GCP and/or the Funds. GCP can have a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by a Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds advised by the Firm, will provide GCP information about markets and industries in which the Firm operates (or is contemplating operations) or will provide other services that are beneficial to GCP. GCP will generally have a conflict of interest in making such recommendations in that the Firm has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds, while the products or services recommended will not necessarily be the best available to the portfolio companies held by the Funds.

Over the life of the Funds, GCP generally expects to exercise its discretion to recommend to the Funds or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) the Firm (or an affiliate, which can include other portfolio companies of the Funds and at rates determined or substantively influenced by GCP; (ii) an entity with which GCP or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where GCP personnel are seconded or from which GCP receives secondees; or (iii) a limited partner or its affiliates. This subjects GCP to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, the Firm may have an incentive to recommend the related or other person or entity because of its financial or business interest. Additionally, there is a possibility that the Firm, because of such incentive or for other reasons (including whether the use of such persons or entities could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to GCP or the Funds, will favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person or entity. Whether or not GCP has a relationship with or receives

financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The fact that a General Partner's Carried Interest is based on a percentage of net profits can create an incentive for GCP to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. In addition, because the Funds have a fixed investment period after which capital from limited partners generally can only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of the Funds, calculated based upon the amount of capital invested by the Funds, the Management Fee structure creates an incentive for the Firm to deploy capital when it might not otherwise have done so.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by (i) GCP employees, (ii) portfolio company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of a Fund and/or a General Partner and cause significant losses to the Fund. Misconduct can include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities can result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Fund. GCP has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

*Certain Consultants.* GCP has retained, on behalf of itself, the Funds and/or the portfolio companies, as applicable, strategic advisors, executive advisors and other consultants (collectively, the "Consultants"), which can be affiliates of the Firm, employees of such affiliates, portfolio companies of the Funds, third party consultants (including individual consultants and external executives), "strategic partners," "strategic advisors," "executive partners", "advisory board members" or "senior advisors." The Consultants provide services to, or in connection with, (i) GCP in relation to Firm-level management and advice, (ii) a Fund in relation to its activities or (iii) one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies ("Services").

Pursuant to the relevant Governing Documents, fees and expenses associated with the Services (collectively "Consulting Fees and Expenses"), are paid and/or reimbursed by applicable portfolio companies and/or the Funds, and Consulting Fees and Expenses do not offset the Management Fee paid by such Fund. Consulting Fees and Expenses are expected to include cash fees, retainers, profits or equity interests in a portfolio company, a share of proceeds upon sale of a portfolio company



and/or other incentive-based compensation to the Consultant, which can be determined according to one or more methods, as applicable, including the value of the time (including an allocation for overhead and other fixed costs) of the Consultant, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Additionally, portfolio companies typically provide opportunities for Consultants to invest in such portfolio company and reimburse costs and expenses incurred by Consultants. Consultants are also eligible to receive remuneration from GCP and/or the Funds or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to a Consultant will not offset the Management Fee. Some Consultants have a limited partnership or profit interest in a Fund. Although GCP intends to retain Consultants at the portfolio company level with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors can result in limited or no cost savings from such retention. In addition, GCP intends to retain only such Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, GCP applies a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values can differ from values that would have been determined had an active market existed for such securities and can differ from the prices at which such securities ultimately are sold. The exercise of discretion in valuation by GCP can give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest.

*Co-Investments.* GCP is permitted, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by GCP in its sole discretion. Conflicts of interest are expected to arise in the allocation of such co-investment opportunities. There can be no guarantee that the allocation of co-investment opportunities, which can be made to one or more persons for any number of reasons as determined by GCP in its sole discretion, will be in the best interests of a Fund or any individual limited partner. In exercising its sole discretion in connection with co-investment opportunities, including with respect to allocating a particular investment to and among potential co-investors and determining the terms thereof, the Firm will generally consider some or all of a wide range of factors, which include factors which benefit GCP such as the likelihood that a limited partner will invest in a future fund sponsored by GCP. Co-investment opportunities typically will be offered to some and not to other limited partners. GCP's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investors to a Fund or

any other co-investment vehicle, and such allocations generally will be more or less advantageous to some persons or entities than to others.

The Funds are permitted to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments generally involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-investor or partner will at any time have economic or business interests or goals that are inconsistent with those of the Funds, or will be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds can, in certain circumstances, be liable for actions of its third-party co-investor or partner. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, the Funds and GCP are required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, *e.g.*, about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and can be responsible for the content of disclosure documents under applicable securities laws. The Funds and GCP can also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements can result in contingent liabilities, which would be borne by a Fund and, ultimately, its limited partners. In such a situation, the limited partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Governing Documents.

*Secondary Transfers of Fund Interests.* To the extent that a General Partner has discretion to consent to a transfer of a limited partner interest in a Fund pursuant to the Governing Documents, and subject to any restrictions therein, the General Partner reserves the right to identify one or more persons (including limited partners in one or more Funds or persons that are not limited partners but in the future invest in a fund) to potentially acquire such interest, and will take into consideration a variety of factors as it deems necessary in exercising its discretion with respect to such a transfer.

*Employee Limited Partners.* Certain of GCP's employees and personnel invest in the Fund as part of a General Partner's commitment to such Fund. Subject to applicable law, the terms of an investment by an employee are permitted to differ from, and be more favorable than, those of an investment by an external Fund limited partner. For example, employee limited partners generally will not be subject to a Management Fee and/or Carried Interest with respect to their investment, generally will receive information regarding investments at different times than other limited partners and benefit from different credit facility arrangements than the Fund.

*Research Costs for Investments.* It is possible that there will be circumstances when GCP considers a portfolio investment on behalf of the Fund and determines not to make such portfolio investment;

however, GCP could eventually cause a successor GCP Fund to make such investment. In these circumstances, GCP or such GCP Fund can benefit from research undertaken by the original investment team and/or from costs borne by the Fund in pursuing the potential investment, but such GCP Fund will not be required to reimburse the Fund for expenses incurred in connection with such research.

*Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements.* The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among GCP, the limited partners, the Fund, the General Partner and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While GCP will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations GCP adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their limited partners.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, GCP is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of GCP or the integrity of GCP's management. GCP and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

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

Neither GCP nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing. GCP does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading adviser, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business or to its Funds or its limited partners. GCP has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, fund administration, banking, investment banking, tax preparation, insurance brokerage and other services. Some of these professionals provide services to the principals, the Funds or their portfolio companies. Additionally, some of these professionals are limited partners in GCP Funds, either personally or through their company.

As described above in Item 4, GCP is affiliated with the Funds' General Partners, which are deemed registered with the SEC under the Advisers Act pursuant to GCP's registration. These General Partners together with GCP operate as a single advisory business and serve as the General Partner, affiliate or managing members of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants, Executive Advisors or persons occupying similar positions. These General Partners do not have employees of their own.

From time to time, GCP receives training, information, promotional materials, meals, entertainment, gifts or other perquisites from vendors and others with whom it does business or to whom it makes referrals. However, at no time will GCP accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual Fund transactions to a specific investment, product or provider. Similarly, GCP employees have in the past, and expect in the future, to speak at and attend conferences and programs for potential investors interested in investing in private funds and other industry events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other events, prospective investors have the opportunity to meet with GCP. Neither GCP nor any Fund compensates these investment bankers, broker-dealers or others for investments ultimately made by prospective investors attending such events other than registration, sponsorship, membership or other similar fees paid to attend such events.

GCP does not recommend or select other investment advisers for the Funds.

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

### **Code of Ethics and Personal Trading**

Pursuant to Rule 204A-1 of the Advisers Act, GCP has adopted a written code of ethics ("Code of Ethics") that sets forth standards of conduct expected of supervised persons and addresses personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm's interests and to maintain full compliance with the federal securities laws.

Supervised persons are required to certify their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons who violate the Code of Ethics will be subject to remedial actions, including, but not limited to, censure, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

The personal trading policy for GCP supervised persons is set forth in GCP's Code of Ethics and is acknowledged as received and understood by each supervised person. GCP's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons do not misappropriate any benefit properly belonging to a Fund.

Because GCP's business focuses primarily on private market investments, GCP expects that instances of supervised persons having access to material nonpublic information regarding publicly-traded securities will be relatively infrequent. GCP's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material non-public information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. GCP maintains a restricted list of issuers about which it has or may have material non-public information. Pre-clearance is required by supervised persons and their covered family members for certain personal securities transactions, including trading in restricted list securities, initial public offerings and limited offerings. In addition, supervised persons are required to file certain reports and submit their brokerage account statements to the Chief Compliance Officer for review.

The principals and employees of GCP will occasionally carry on investment activities for their own account and for family members or others, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds. In addition, principals and employees are permitted to buy securities in transactions offered to, but rejected by, the Funds or that are outside the investment mandate of the Funds. All such employee private investments are subject to pre-approval and/or review by the Chief Compliance Officer.

Investors can request a copy of the Firm's Code of Ethics by contacting its Chief Compliance Officer, Marissa Nazario, at (312) 283-3689 or [info@growthcatalystpartners.com](mailto:info@growthcatalystpartners.com).

### **Participation in Client Transactions**

Certain GCP employees have invested in the Funds either through a General Partner and/or as Fund limited partners in an Executive Fund. As mentioned in Item 5 above, GCP generally reduces the Management Fee and Carried Interest related to investments held by GCP employees. GCP does not believe this arrangement presents any material conflict of interest since the General Partners' interests are aligned with the interests of limited partners in such Funds.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. GCP will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This also applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either fund. In the context of GCP's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or GCP or a Fund General Partner

purchasing the interest of an existing limited partner. Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more funds or accounts that are managed by that same adviser or an affiliate. An adviser is not “acting as a broker” if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. In the context of GCP’s business, a cross transaction would occur when selling a portfolio company, investment or other asset from one Fund to another. Agency cross transactions occur where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to GCP.

In the event GCP were to recommend a principal transaction or cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best interest of participating clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant General Partner, LP Advisory Committee or limited partners, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

In connection with the closing of Fund I, the Fund I General Partner and certain other persons sold three warehoused investments to Fund I. As part of the transaction, GCP (i) determined that the transactions were in the best interest of the Fund I limited partners, (ii) reviewed the Fund I Governing Documents to confirm the transactions were permitted, (iii) made proper disclosure in the Fund I Governing Documents, which sought to ensure that limited partners had full access to information regarding the transactions, (iv) obtained consent from all limited partners in the form of their execution of the subscription documents and (v) ensured that best execution was achieved for the transactions.

## **Conflicts of Interest**

The Governing Documents of each Fund include a description of what GCP believes to be the most significant conflicts of interest associated with an investment in that Fund. Some of these conflicts are summarized in Item 8 above.

## **Item 12 – Brokerage Practices**

While GCP generally focuses on securities transactions in private companies and purchases and sells such companies through privately negotiated transactions, the Funds on occasion engage broker-dealers and investment bankers to perform various services for the Funds and portfolio companies, such as assisting in the purchase or sale of a private portfolio company. GCP has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer or investment banker, if any, to be used to effect transactions for the Funds. In executing transactions, GCP will seek best execution for the transaction. Best execution is a qualitative assessment that takes into account the full range and quality of a broker-dealer or investment banker’s services and is satisfied by obtaining the most advantageous overall terms for the Fund(s) when weighing all factors relevant to the transaction. Best execution is therefore not necessarily determined by lowest possible

commission rates.

Whether for private or public securities transactions, GCP selects a broker-dealer or investment banker based on GCP's judgment regarding a variety of factors, including but not limited to: GCP's prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker's responsiveness to the Firm; the broker-dealer or investment banker's expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services providers; and the commission rates, among other factors.

Although GCP generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker can thereby entail higher commissions, or their equivalents, than would be the case with other transactions requiring more routine services. However, GCP believes the commissions or mark-ups charged are competitive with those that other broker-dealers or investment bankers charge.

GCP does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive investor referrals in connection with selecting or recommending broker-dealers for the Funds and does not engage in directed brokerage. In the event GCP were to aggregate the purchase or sale of securities for client accounts, it would do so on a pro rata basis.

### **Item 13 – Review of Accounts**

The investment portfolios of each Fund are generally private, illiquid and long-term in nature and accordingly GCP's review of them is not directed toward a short-term decision to dispose of securities. Decisions as to when to purchase or sell a portfolio company are made by the investment committee. GCP investment professionals closely monitor the portfolio companies of the Funds and maintain an ongoing oversight position in such portfolio companies. GCP holds board seats for most of the investments it makes. Moreover, GCP monitors portfolio company performance through regular management meetings, as well as detailed reviews of specific portfolio companies that occur as needed.

GCP provides to limited partners on behalf of its Funds the following written reports: (i) annual audited financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") as promulgated by the Financial Accounting Standards Board ("FASB"), accompanied by the report of the independent certified public accountant within 120 days of fiscal year end; (ii) unaudited financial statements for the first three quarters of each fiscal year; (iii) annual tax information necessary for the completion of tax returns (K-1); and (iv) annually a statement of the determination of the value of each investment as of the end of the preceding calendar year. Investors in co-investment Funds receive different reports, as agreed upon with investors in each co-investment

Fund on a case-by-case basis. The Firm also has contact with limited partners (*e.g.*, personal visits, video conference, telephone and email) throughout the year as requested and/or as conditions warrant.

In the course of conducting due diligence, limited partners periodically request information pertaining to GCP's investments. GCP responds to these requests, and in answering such requests, provides information that is not always made available to other limited partners who have not requested such information. Additionally, as it pertains to existing limited partners, upon request or pursuant to contractual obligations (such as agreed to in a side letter), certain limited partners receive additional information and reporting that other limited partners do not receive. The fact that GCP provides such information upon request to one or more limited partners does not obligate GCP to affirmatively provide such information to all limited partners. As a result, certain limited partners will have more information about a Fund than other limited partners, and GCP has no duty, and does not intend, to ensure that all limited partners seek, obtain or possess the same information regarding a Fund and its investments and/or portfolio companies.

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

As described in Item 5 above, GCP receives Portfolio Company Fees and reimbursements from the portfolio companies held by the Funds. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that GCP believes will ultimately enhance the value of the companies and benefit the Funds and their limited partners.

These types of fee arrangements present potential conflicts of interest and provide GCP with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by GCP or its employees (but not Executive Advisors or GCP Advisory Board members) in connection with services rendered to portfolio companies or transactions of the Funds are offset against Management Fees payable by the Funds, to the extent described above in Item 5 and as detailed in each Fund's Governing Documents.

To date, GCP has not engaged a placement agent to assist in its fundraising efforts.

#### **Item 15 – Custody**

GCP is deemed to have custody of the Funds' assets because the General Partners are not operationally independent from GCP: each Fund's General Partner generally has full discretion and control over Fund investments and cash, including the ability to deduct fees from Fund accounts. To comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), GCP has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective limited partners within 120 days of fiscal year end. In addition, upon the



final liquidation of a Fund, GCP will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying limited partners promptly upon completion of the audit. Limited partners are encouraged to carefully review such financial statements.

GCP does not accept physical custody of Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Fund's bank account maintained with a qualified custodian. GCP receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about GCP's qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

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

GCP generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each Fund. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to limited partners in the Funds individually. To become a limited partner in a Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with a Fund. Such documents generally contain a power of attorney that grants GCP or the applicable Fund's General Partner certain powers related to the orderly administration of the affairs of the Fund. Once a limited partner executes these documents, with limited exceptions discussed elsewhere in this Brochure, GCP is not required to contact such limited partner prior to transacting business in a Fund.

Generally, GCP's only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund invests, will be contained in the relevant Fund's Governing Documents. However, a limited partner can seek to impose limitations on GCP's authority through a side letter agreement, and the Firm and/or the relevant General Partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon GCP's investment authority with respect to a limited partner's investment must be presented to GCP and the relevant Fund's General Partner in writing and agreed to by all applicable parties. There can be no assurance that the side letter rights granted to one or more limited partners will not in certain cases disadvantage others. Other limited partners meeting certain commitment thresholds are often provided with notification provisions regarding such side letter agreements but are not provided with consent rights over such agreements.

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

By virtue of the applicable Governing Documents, GCP has the authority to vote proxy statements on behalf of the Funds. The majority of "proxies" received by GCP, however, are written shareholder consents or similar instruments for private companies owned by the Funds. As such, GCP has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. GCP's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds with a goal towards

maximizing overall value. GCP generally believes its interests are aligned with those of the Funds' limited partners through the principals' beneficial ownership interests in the Funds. However, in the event that there is a conflict of interest in voting proxies, GCP's proxy voting policy provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of an LP Advisory Committee on the proposed proxy vote, or through other alternatives as set forth in GCP's proxy voting policy. Limited partners in the Funds cannot direct how GCP votes proxies or shareholder consents, nor is GCP required to seek limited partner approval or direction when voting proxies or when giving consent on any matter requiring the consent of shareholders.

Firm principals and affiliated or unaffiliated third parties appointed by GCP often sit on the boards of portfolio companies to which GCP provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. GCP does not consider service on portfolio company boards by the aforementioned persons or their receipt of nominal board fees, if any, to create a material conflict of interest in voting proxies with respect to such companies.

GCP will provide a copy of its proxy voting policy by contacting its Chief Compliance Officer, Marissa Nazario, at (312) 283-3689 or [info@growthcatalystpartners.com](mailto:info@growthcatalystpartners.com). Limited partners can also obtain information from the Firm, free of charge, about how GCP voted previous public proxies, if any.

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

GCP does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance; has no financial condition reasonably likely to impair its ability to meet contractual commitments to Funds or limited partners; and has not been the subject of a bankruptcy proceeding.