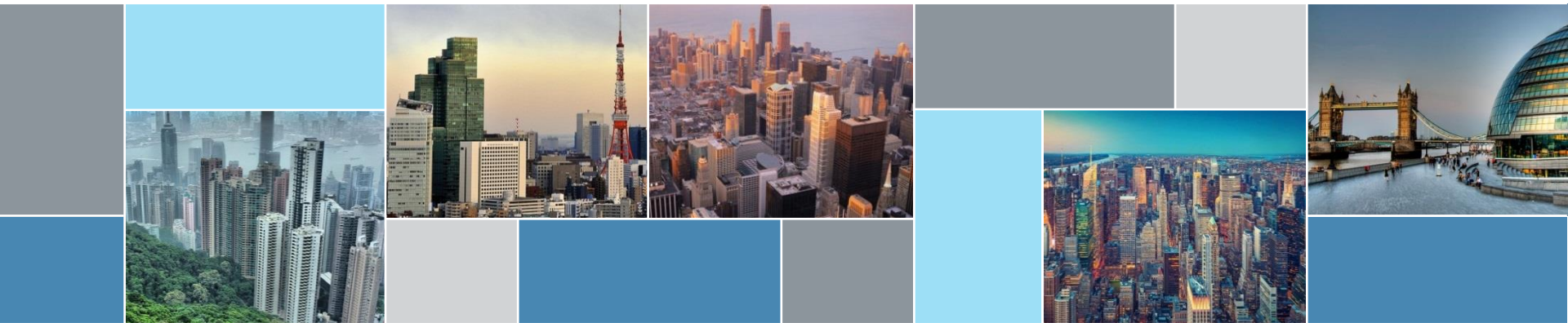


# Absolute Return Strategies – Market Update

Q2 2021

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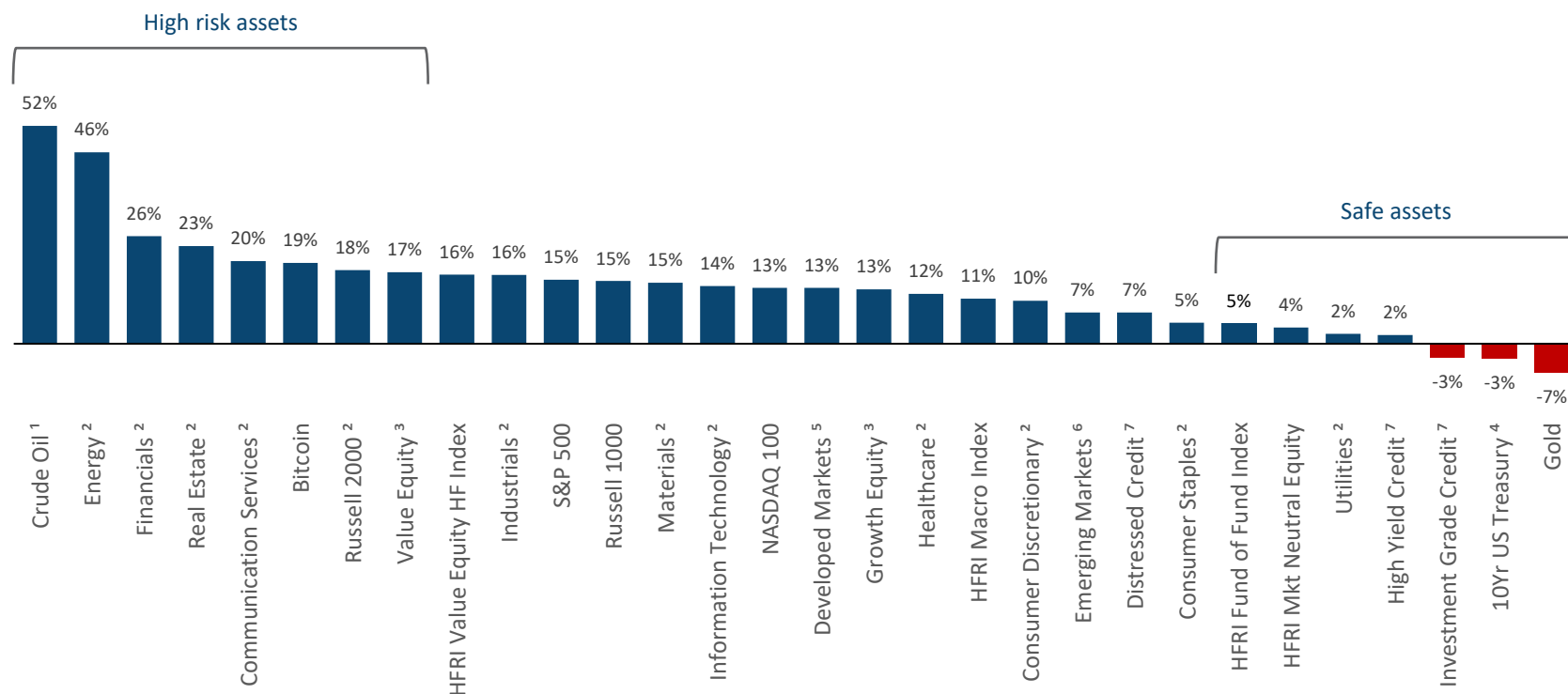
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# A High Risk Rally

As the world emerges from COVID-19 induced lockdowns amid record stimulus measures, higher risk assets have experienced significant year-to-date gains, while traditionally safer, long duration assets have seen more muted gains, and in some cases, experienced losses through mid-year.

## YTD performance across global assets



Data source: Bloomberg Finance L.P. Data as of June 30, 2021.

Index detail: (1) Active Futures Contract, (2) S&P 500 GICS Sector Indices, (3) Russell 1000 Growth and Value Indices, (4) iShares 7-10 Year Treasury Bond ETF, (5) Bloomberg Developed Markets Large & Mid Cap Return Index, (6) MSCI Emerging Markets Index, (7) Bloomberg Barclays Credit Indices.

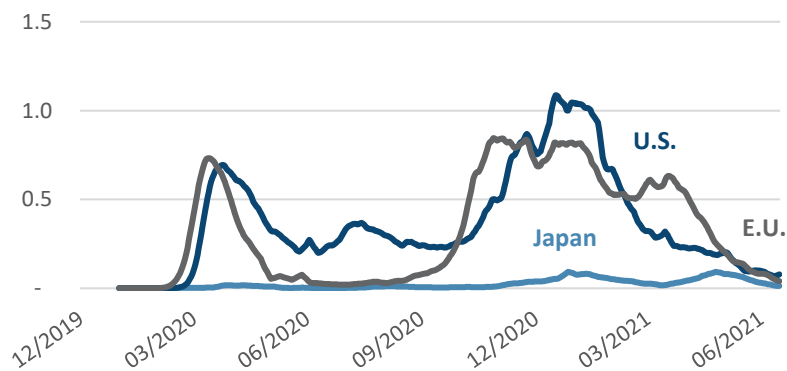
**Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

# Drivers of the Recovery

The world is in the process of a historic recovery, as rising COVID-19 vaccination rates allow economic reopening to occur in regions amid aggressive ongoing fiscal and monetary stimulus.

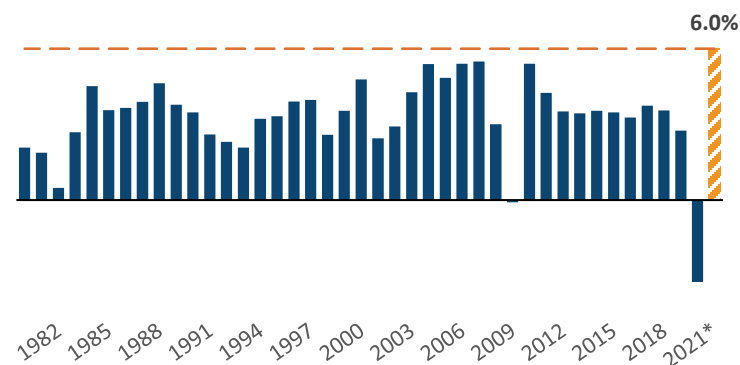
## Declining COVID-19 deaths

7-day rolling average of daily new deaths per 100,000 residents



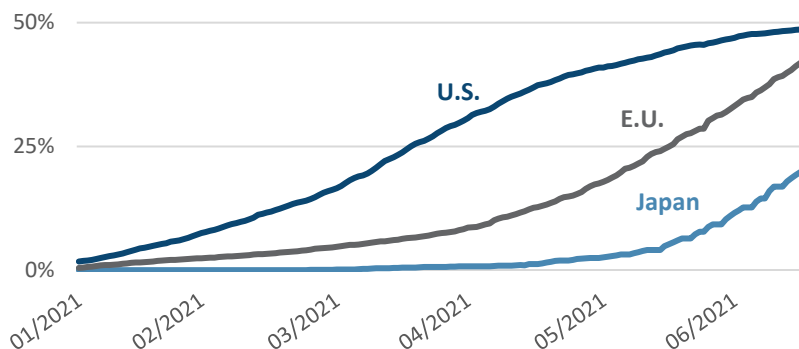
## Record GDP growth rates

World Real YoY GDP growth – IMF estimates through YE 2021\*



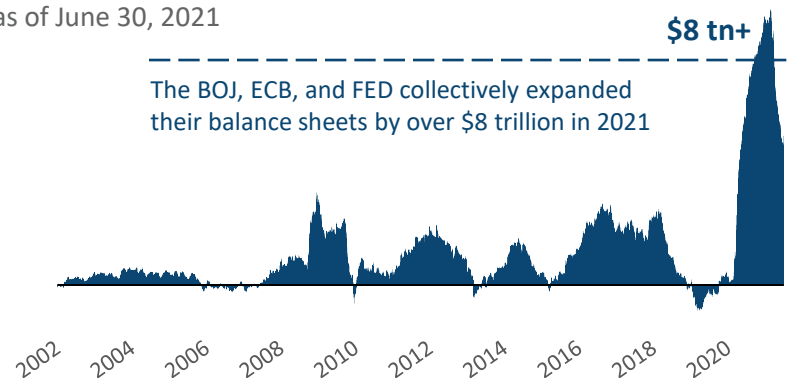
## Rising COVID-19 vaccinations

Completed COVID-19 vaccinations as a share of population



## Massive stimulus efforts globally

Trailing 12-month change in BOJ, ECB, and Fed balance sheets as of June 30, 2021



Data source: Bloomberg Finance L.P. Data as of July 15, 2021, unless otherwise noted.

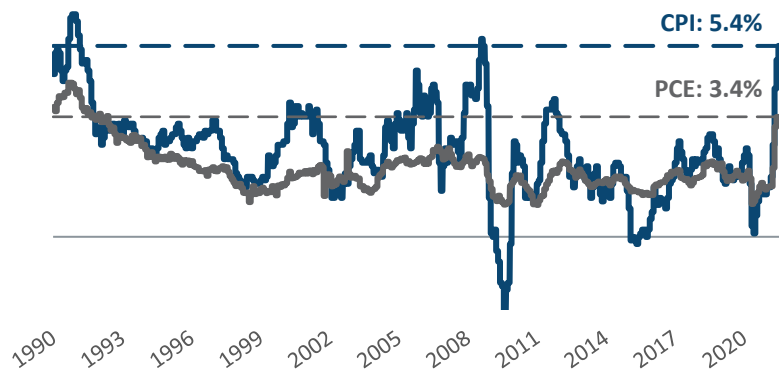
Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.

# Economies Running Hot

Record economic growth is driving surging inflation; investors and policy makers are increasingly focused on whether inflation is transitory or secular in nature across the economy.

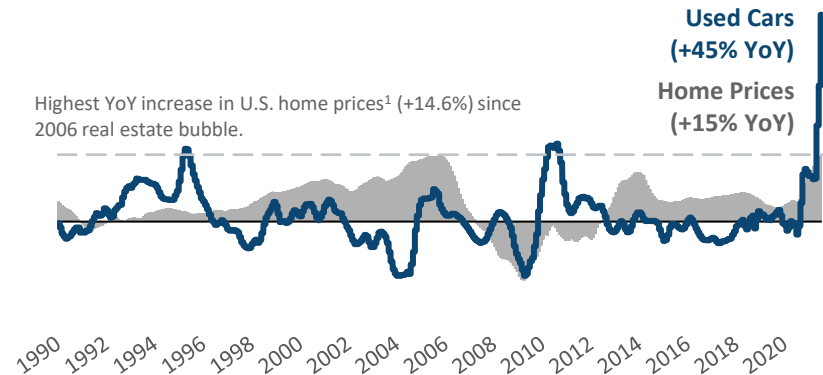
## Highest inflation in decades

YoY change in CPI and PCE inflation



## Potential short-term and long-term inflation drivers

Select U.S. inflation component YoY change



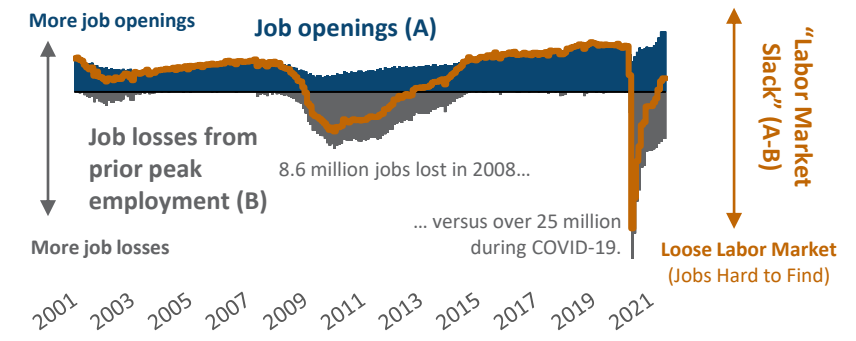
## Uncertainty is driving volatility in long-term rates

U.S. 10-year treasury yield



## Labor markets are in flux

Select U.S. labor statistics



1 Home prices represented by the Case-Shiller U.S. national home price composite index.

Data source: Bloomberg Finance L.P. Data as of July 15, 2021.

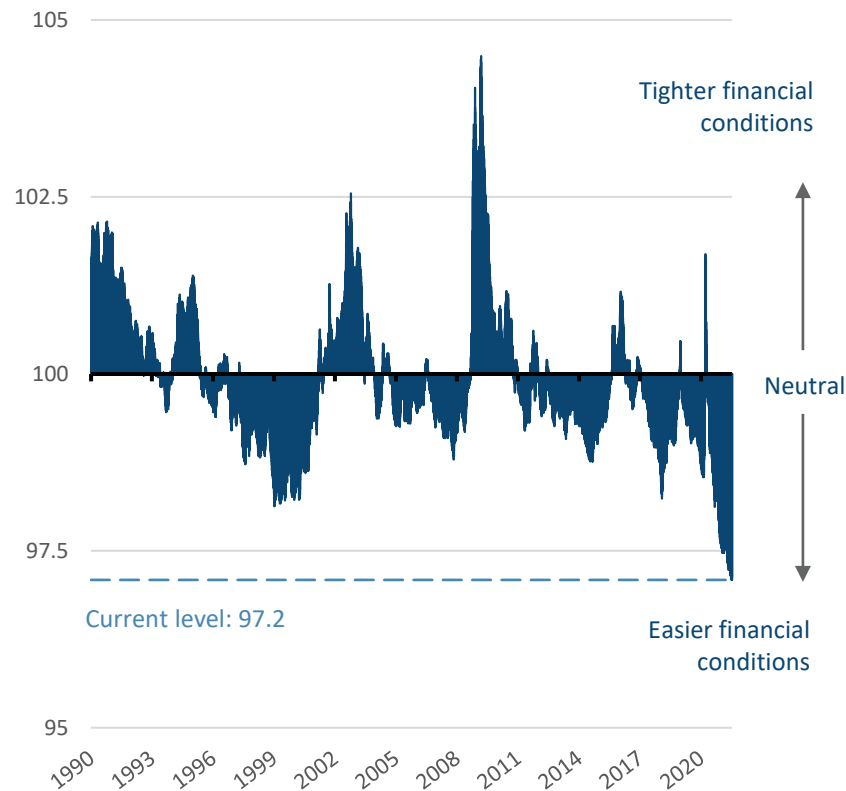
Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.

# Stimulus is Flowing into Markets

Financial conditions are historically accommodative. Monetary and fiscal stimulus, alongside elevated savings rates, are driving massive flows into markets.

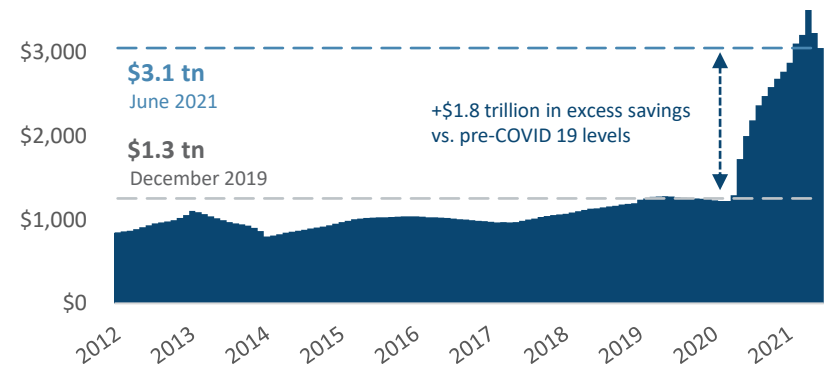
## Historically easy financial conditions

Goldman Sachs U.S. Financial Conditions Index



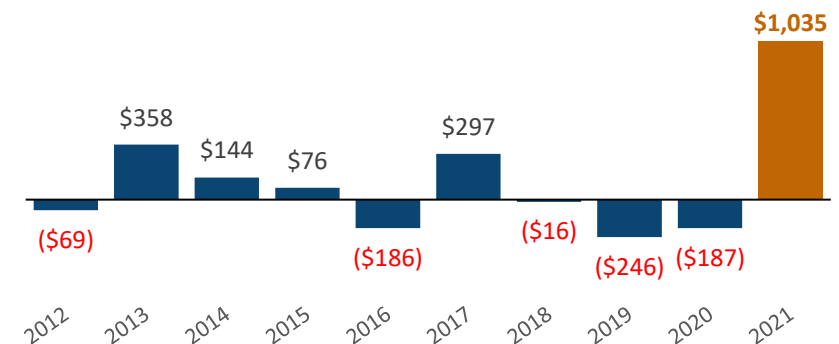
## Households have significant pent-up savings...

Trailing 12-month aggregate U.S. personal savings



## ... which are driving unusually large market inflows

Annual flows into U.S. equity markets



Data sources: Goldman Sachs Investment Research; Bloomberg Finance L.P. Data as of June 30, 2021.

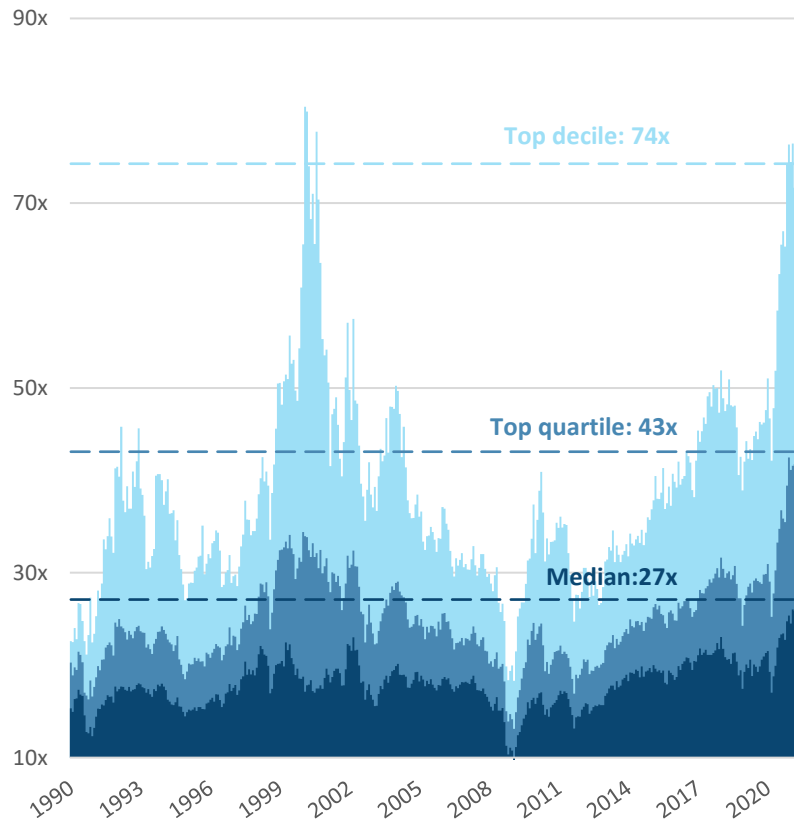
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# Market Valuations Reaching Cyclical Highs

Strong growth, low interest rates, and aggressive stimulus are driving equity multiples to record high levels, while a variety of cyclical measures appear to be peaking.

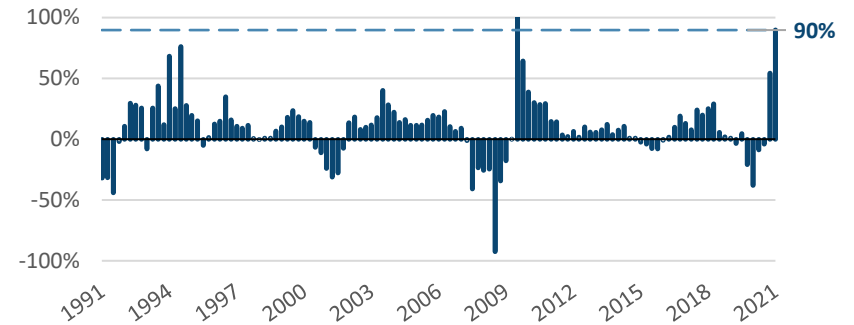
## Equity multiples are near records

Underlying S&P 500 single stocks trailing P/E ratio by percentile



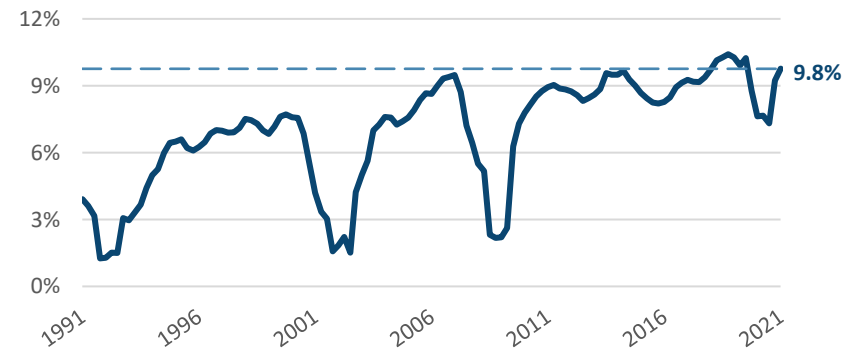
## S&P 500 earnings growth may be peaking

S&P 500 YoY earnings per share growth



## Profit margins are nearing 30-year highs

S&P 500 profit margin



Data source: Bloomberg Finance L.P. Data as of June 30, 2021.

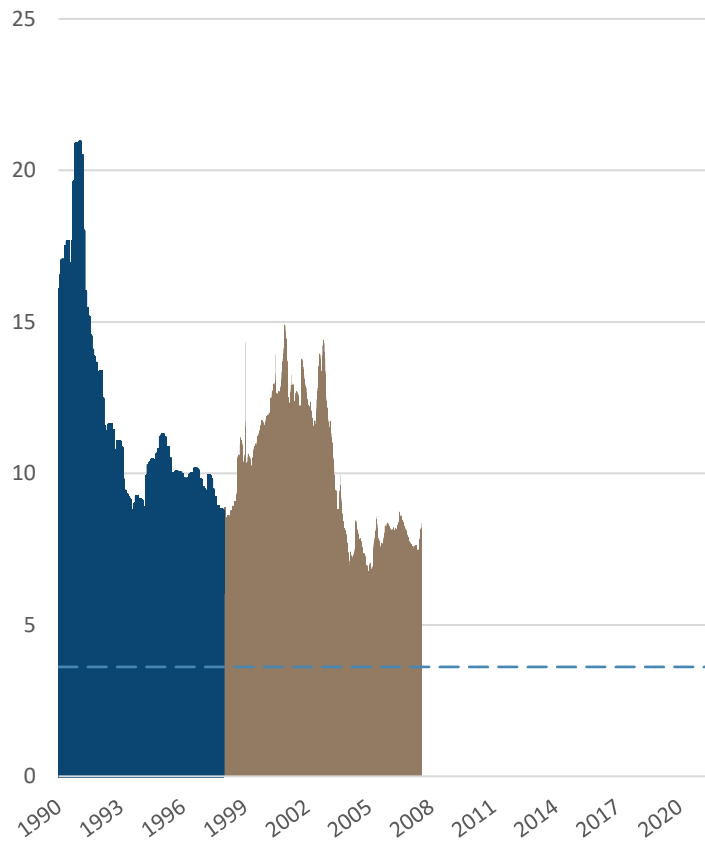
**Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

# Meager Yields in Credit

Easy financial conditions and record flows have pushed corporate bond yields to all-time lows; 'real yields' on sub-investment grade bonds are now negative.

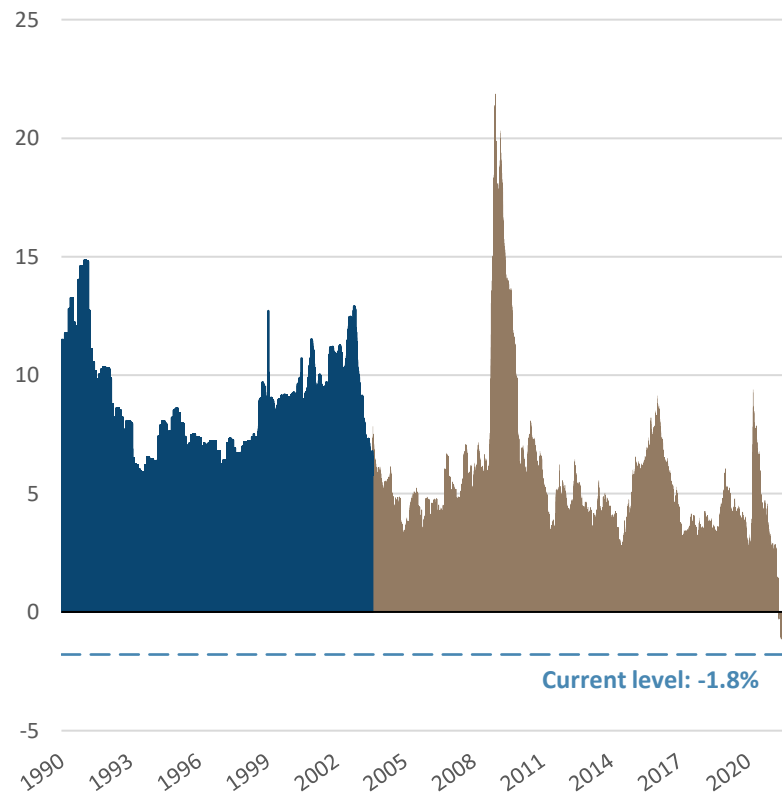
## Yields on junk bonds at record low

Bloomberg Barclays HY Index - Yield to worst



## How bad is it? Yields on junk bonds are now negative in real terms

Bloomberg Barclays HY Index YTW less YoY CPI inflation



Data source: Bloomberg Finance L.P. Data as of July 12, 2021.

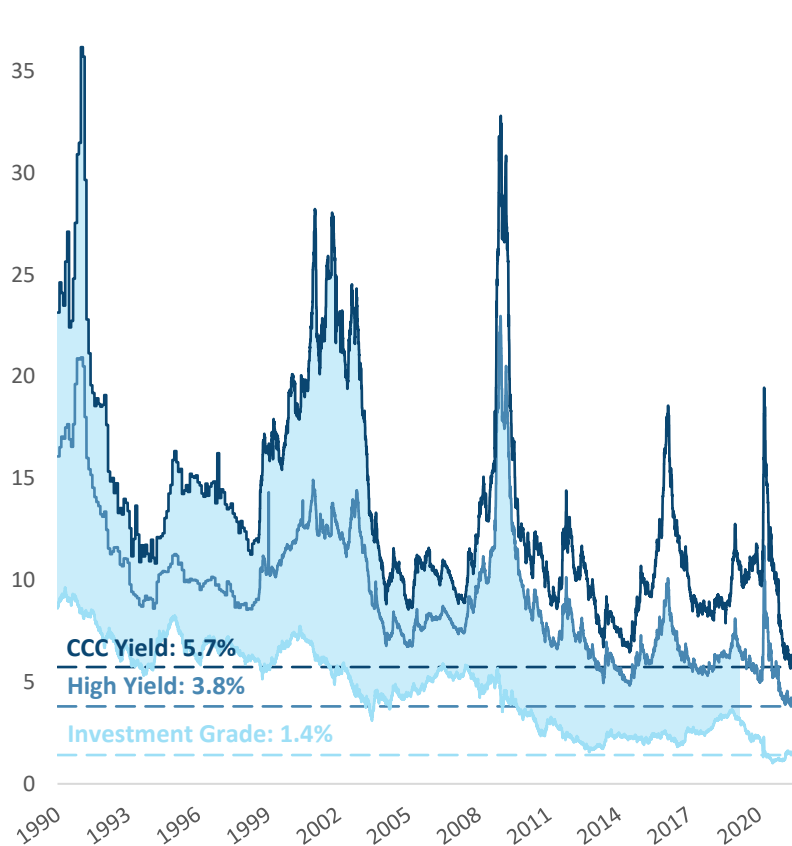
Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.

# Capital Discipline Lacking

Available yields and spreads have declined across all grades of credit, enabling corporate borrowers access to capital on generous terms and driving a decline in bankruptcies.

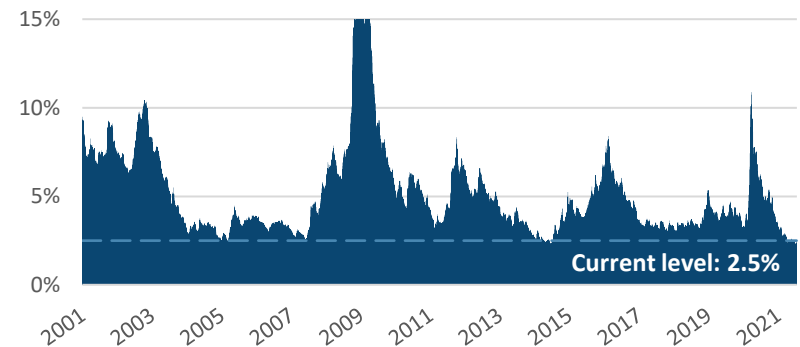
## Yields are low across all grades of credit

Select Bloomberg Barclays credit index yields



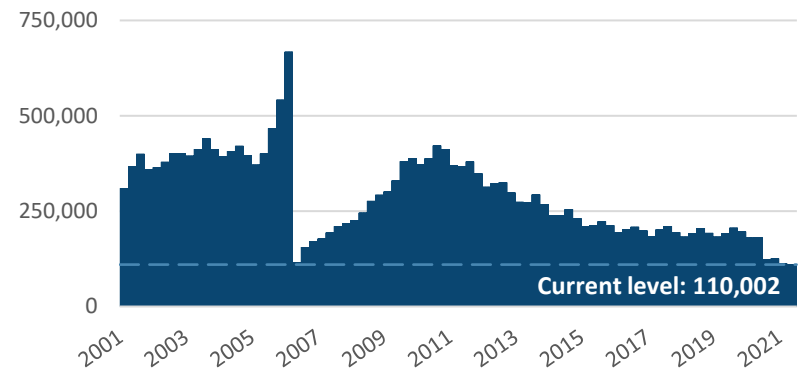
## High yield spreads near record lows

Barclays HY Index YTW spread to 10-year



## Bankruptcies are plummeting

Total quarterly new bankruptcies in the U.S.



Data source: Bloomberg Finance L.P. Data as of July 15, 2021.

Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.

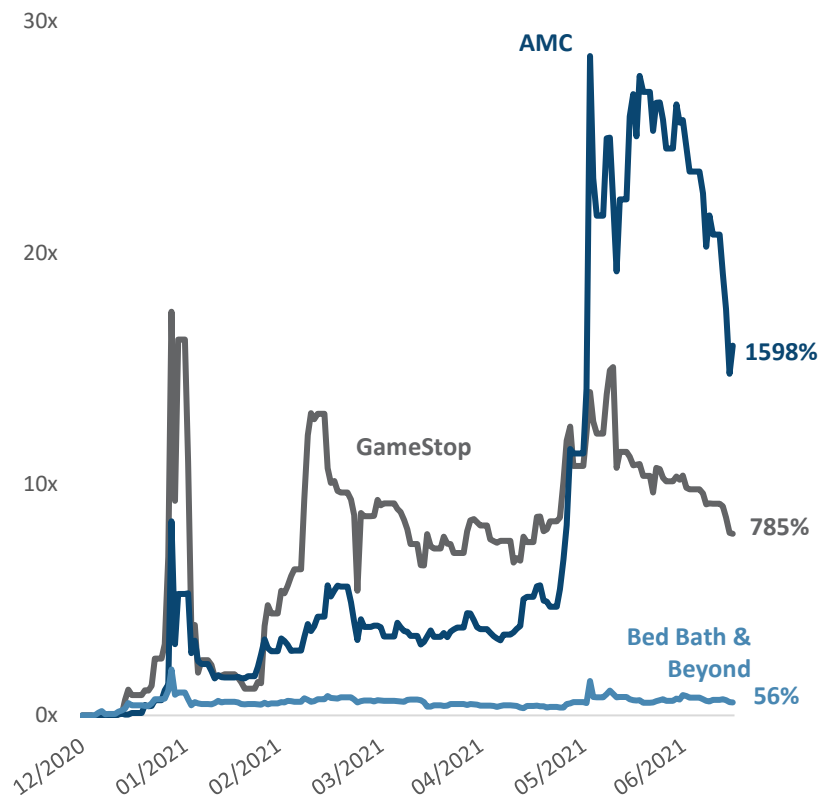


# Signs of Froth

Abundant capital has flowed into a range of meme stocks and crypto currencies in 2021, driving explosive price appreciation in these securities, reminiscent of prior market bubbles.

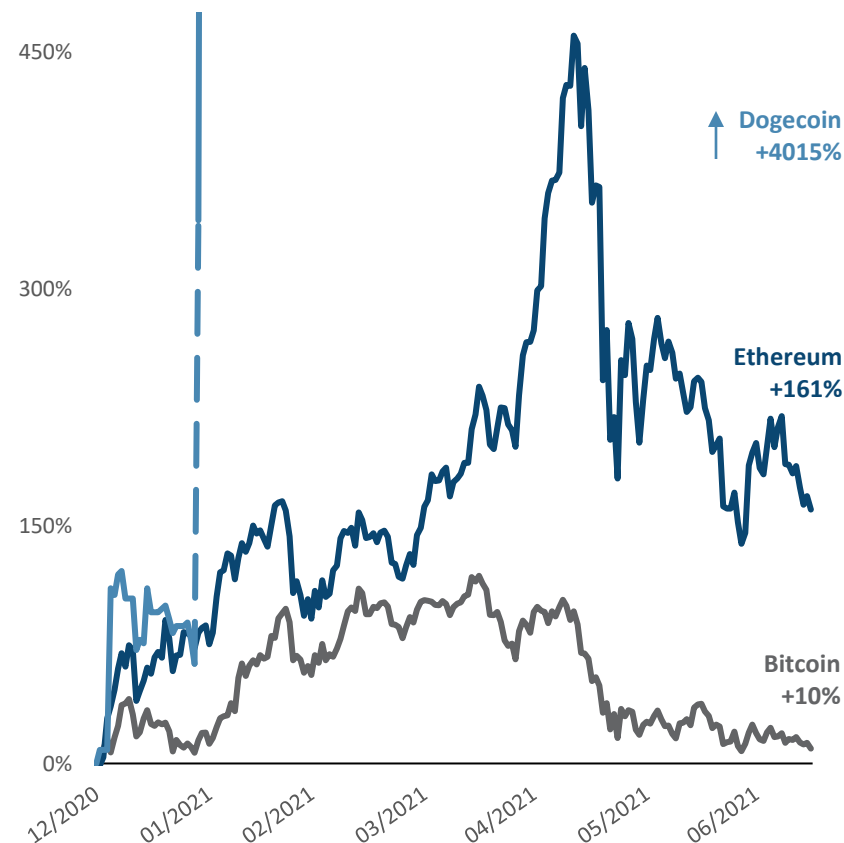
## Meme stock mania

Total YTD returns of select stocks



## Crypto currency resurgence

YTD returns of select digital currencies (USD)



Data source: Bloomberg Finance L.P. Data as of July 15, 2021.

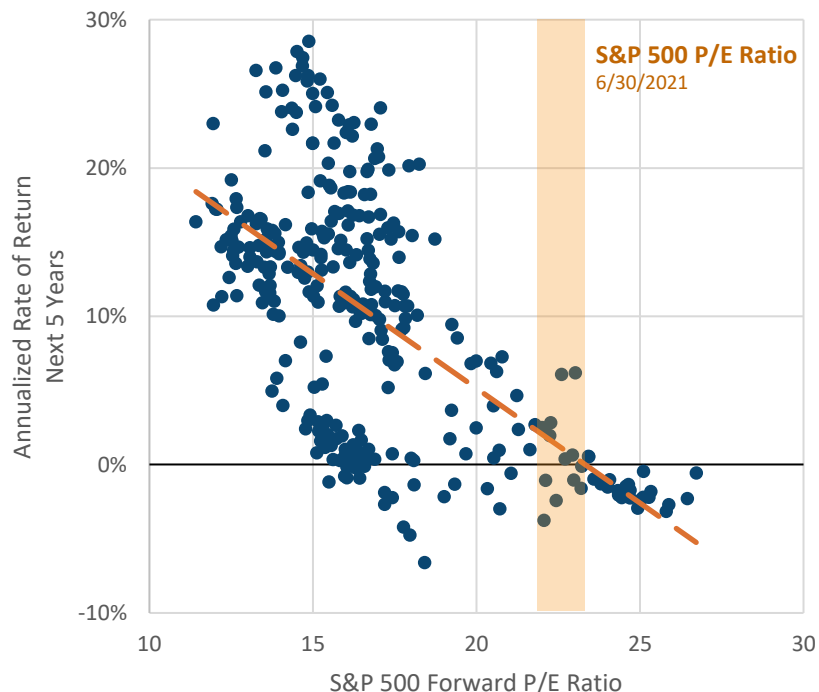
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# Challenged Long-Only Expected Forward Returns

While long-only returns over the past decade have been exceptional amid a prolonged period of rising valuations and declining interest rates, forward returns appear challenged.

## High starting valuations are a headwind for future long-only equity returns

S&P 500 annualized returns (next 5 years) vs. initial 1-year forward price to earnings ratio (1990-2016)<sup>1</sup>



Data source: Bloomberg Finance L.P.

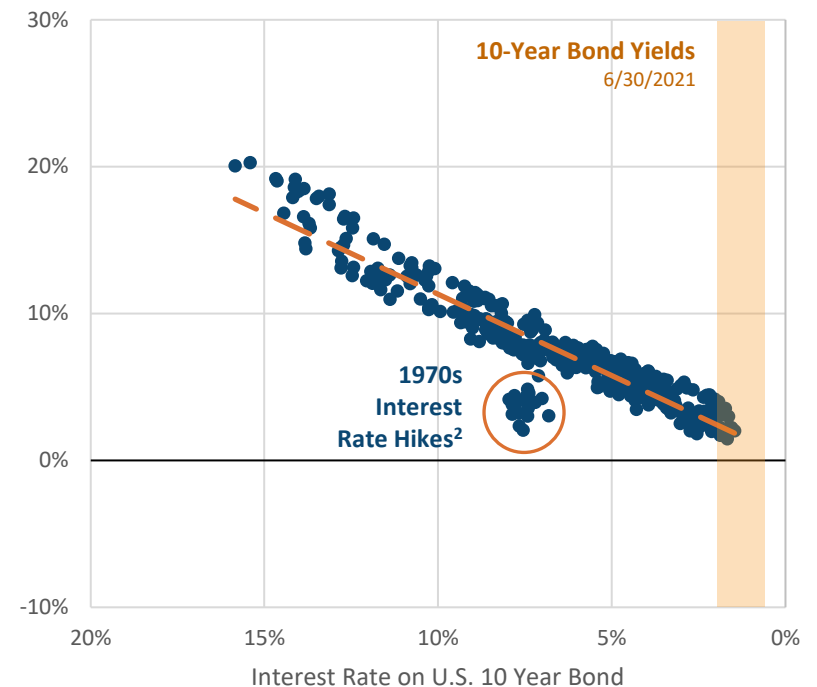
<sup>1</sup> The last period where the realized 5-year ROR is available.

<sup>2</sup> The total 5-year return on fixed income from the 5-year period starting in February 1976 (ending in 1981) through July 1977 (ending in 1982) encompasses all outliers. In an effort to tame inflation, there were series of interest rate hikes which caused fixed income returns over this period to be lower than the rest of the trend.

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## Low yields will challenge returns in long-only credit and fixed income

Bloomberg Barclays U.S. Aggregate Bond Index annualized ROR (next 5 years) vs. initial 10-year interest rate (1976-2016)<sup>1</sup>

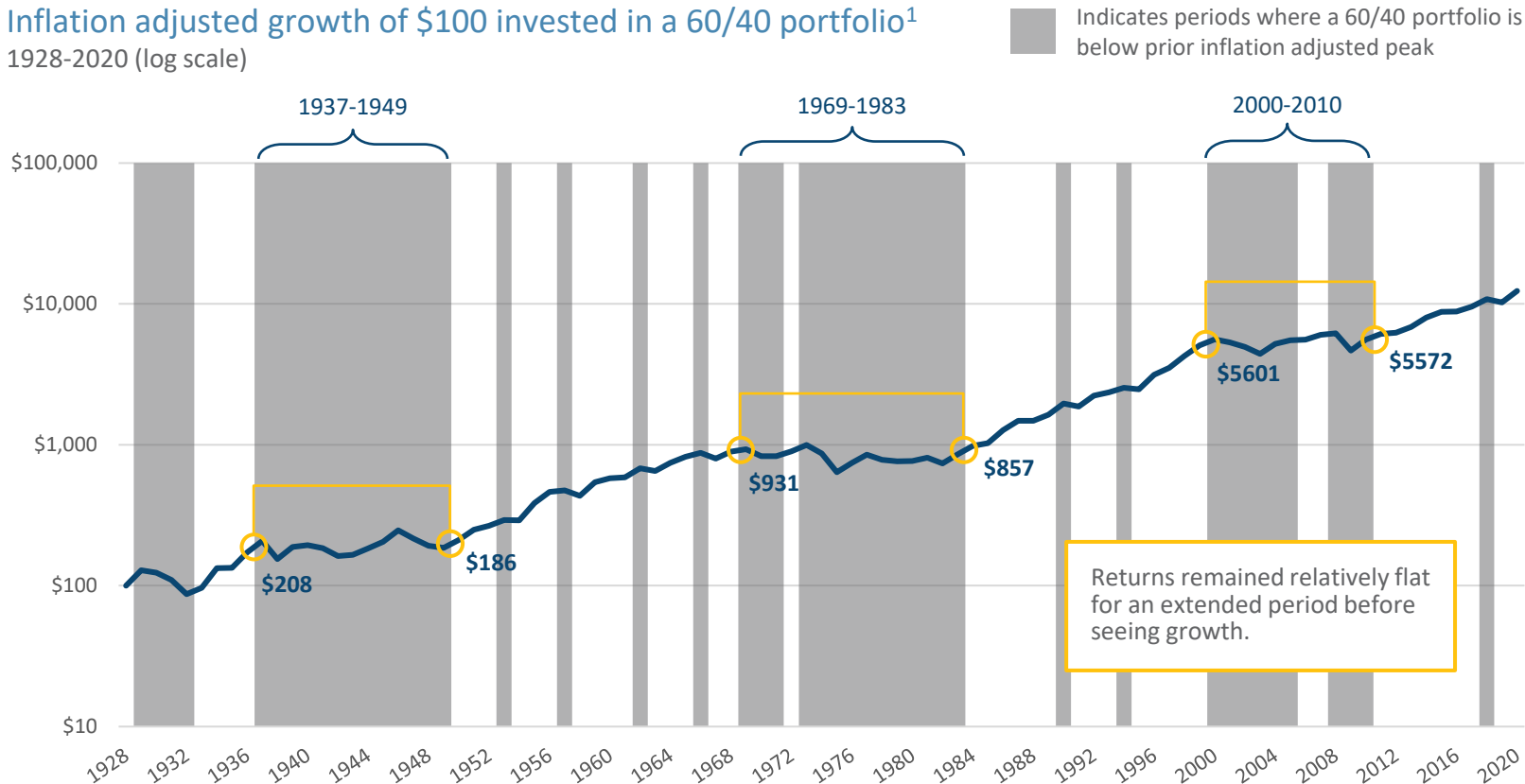


# Multi-Year Declines in the 60/40 Approach

Adjusting for inflation, it is not unusual to see traditional long only portfolios struggle to generate 'real' returns for years, often occurring in periods of high or rising inflation (1970s), high or rising government debt (WWII), or following periods of exuberant equity valuations (1930's, 2000's).

## Inflation adjusted growth of \$100 invested in a 60/40 portfolio<sup>1</sup>

1928-2020 (log scale)



Data sources: Bloomberg Finance L.P., NYU Stern School of Business.

1 The 60/40 portfolio is represented by 60% U.S. Equities (S&P 500 total return), 20% corporate credit (Baa Corporate Bonds), 10% U.S. Treasury Bonds, 10% U.S. Treasury Bills with the portfolio rebalanced annually.

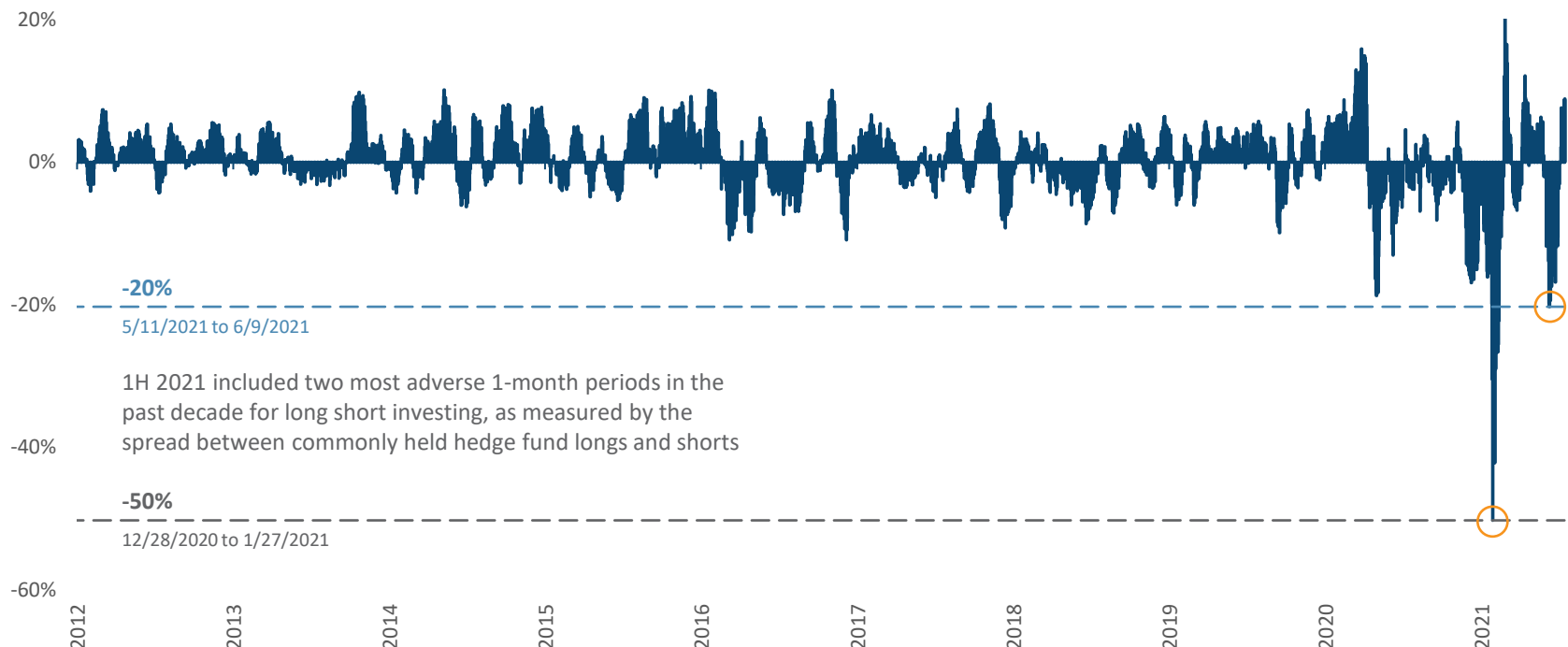
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# Challenging Environment for Shorting

Explosive moves in a number of fundamentally challenged businesses and speculative securities created material headwinds for alpha focused short-selling and underlying portfolio hedges in the first half of 2021.

## Major headwinds from 'Meme Stock Mania'

Spread between most commonly held (Hedge Fund VIP Index) and most shorted stocks; Trailing 1-month return



Data source: Goldman Sachs Investment Research. Data as of July 15, 2021.

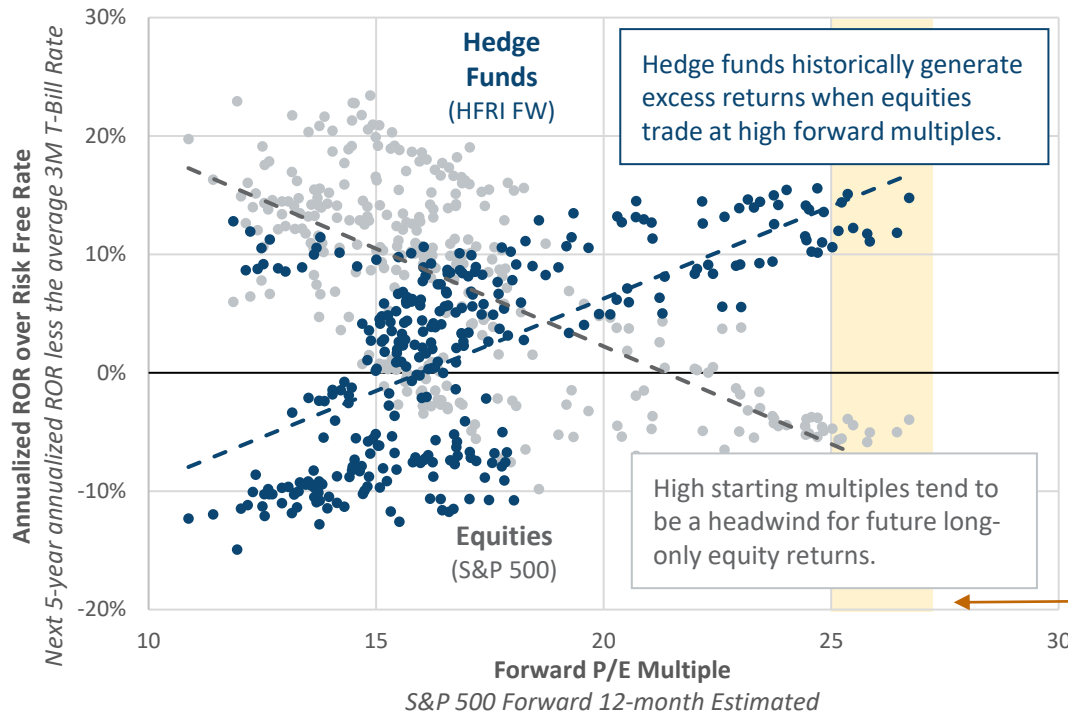
**Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

# The Impact of High Valuations

Though elevated multiples have historically been a headwind for forward equity returns, they tend to correspond with strong returns and alpha for absolute return strategies.

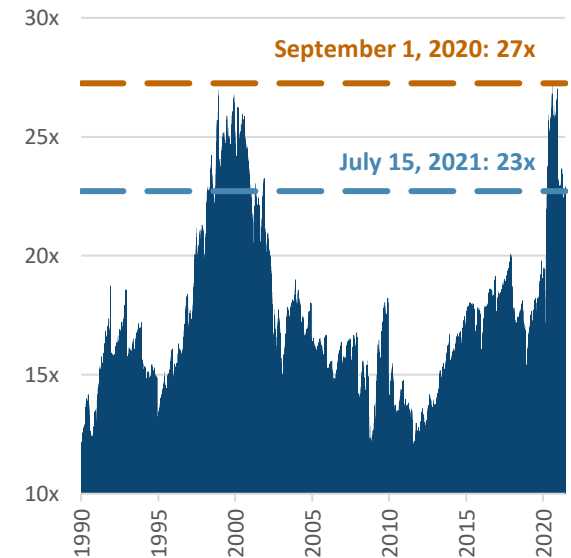
## 5 Year forward returns over the risk-free rate relative to starting S&P 500 forward P/E multiples

1990-2016 (the last period where the realized 5-year ROR is available)



## S&P 500 forward PE ratio

1990-2021 (Bloomberg Estimates)



The S&P 500's forward P/E ratio exceeded 27x in Q4 2020, among the highest levels in the last 30 years (not seen since dotcom bubble)

**Explaining the Chart:** X,Y scatterplot with a line of best fit for each data set (hedge fund returns and equity returns). X for each dot is the P/E ratio for the S&P 500 on the first day of that 5-year period. The Y intercept for each dot represents the annualized return of equities/hedge funds over the risk-free rate for the following 5-year period. As an example, if you looked at 1/1/2000 the fwd P/E ratio for the S&P was 26.4; over the next 5 years the HFRI FW index annualized at 6.8% over the next 5 years, while the S&P 500 annualized at 2.7%; we reduce both numbers by the average risk-free rate over that period (2.7% for U.S. 3M T-Bills) to provide a sense for the 'excess return' of each asset class over cash for the subsequent period. Equities are represented by the S&P 500, hedge funds by the HFRI FW index, and the risk-free rate by the average yield on U.S. 3M T-Bills.

Data source: Bloomberg Finance L.P. Data as of July 15, 2021, unless otherwise noted. Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

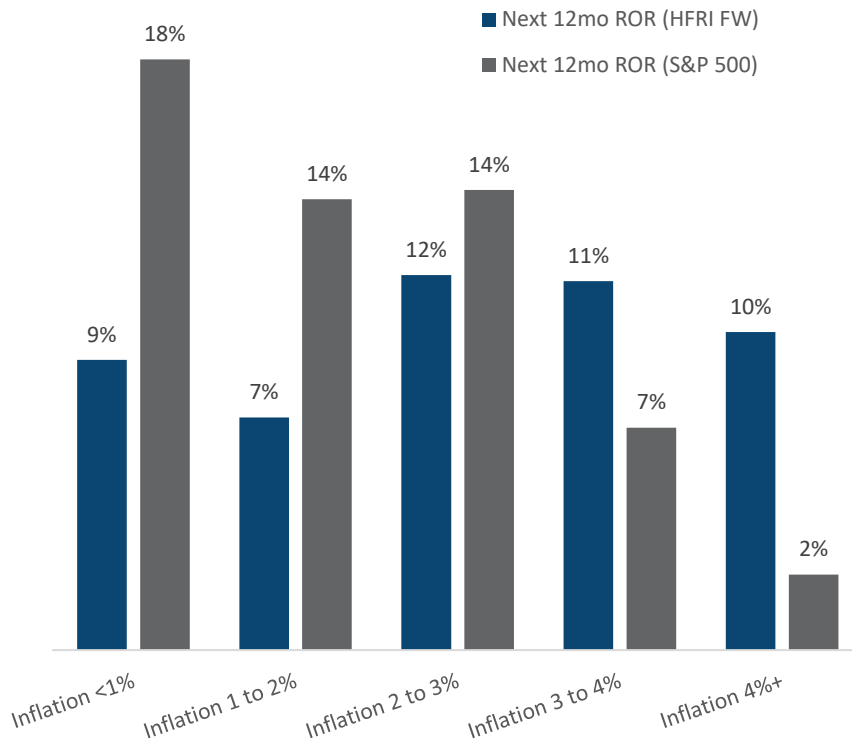
**Past performance is not necessarily indicative of future returns. No assurance can be given that any investment will achieve its objectives or avoid losses.**

# The Impact of Inflation

Hedge fund returns and hedge fund alpha have historically been resilient to changes in inflation and may potentially benefit from a higher inflationary environment.

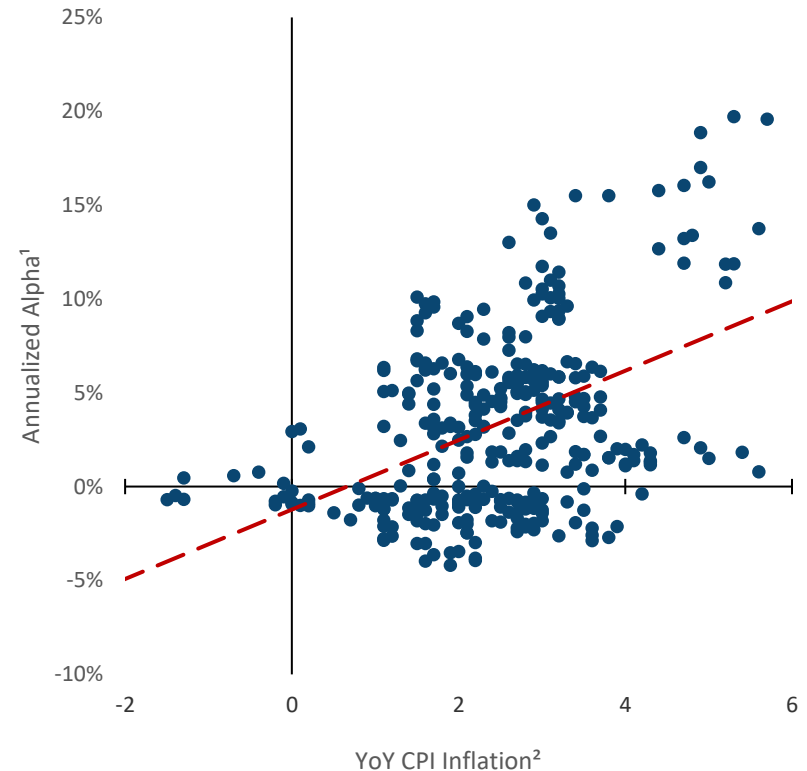
## Hedge fund performance in various inflation environments

January 1990 to May 2021



## HFRI Fund Weighted Composite Index

Annualized 3-year alpha relative to starting YoY CPI Inflation  
January 1990 to May 2021



1 Annualized alpha is calculated against the S&P 500.

2 CPI Inflation is shown for the starting period of each 3-year measurement.

Data source: Bloomberg Finance L.P. Data as of May 31, 2021.

**Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

# Investment Focus

*Select risks include: Manager risk, macroeconomic risk, interest rate risk, strategy risk, mark-to-market risk and liquidity risks. Additional risks that result in losses may be present.*

## CREDIT STRATEGIES

## EQUITY STRATEGIES

## DIVERSIFYING STRATEGIES

### Market Background

Low rates benefit all borrowers

Accelerated disruption

Economic imbalances

Tight spreads can create hedging and L/S opportunities

Valuation gap: public vs. private

Interest rate uncertainty

Elevated refinancing needs

Specialist expertise

Attractive skew

### Our Focus



**Long Short Credit Strategies**



**Access proven, elite talent**



**Secure capacity with experienced funds**



**Specialty finance**



**Identify sector expertise**



**Premium for low beta**

Unless apparent from context, all statements herein represent GCM Grosvenor's opinion. **Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

# Q2 2021 Market Review



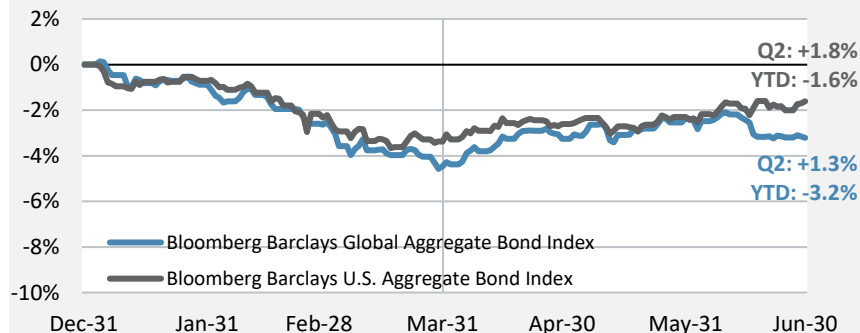


# Q2 2021 Credit Market Themes

## Absolute Return Strategies

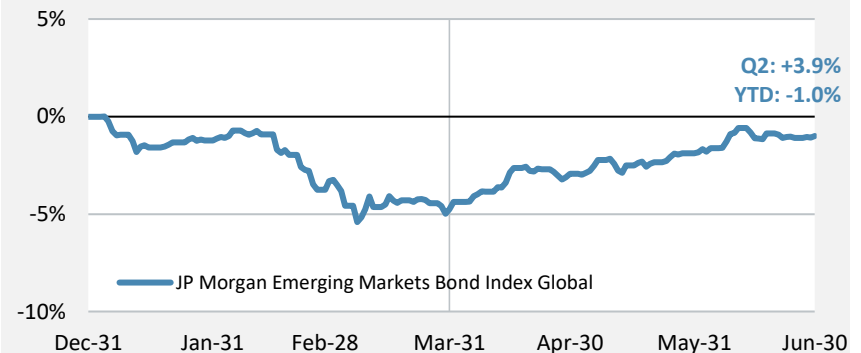
### U.S. and global investment-grade credit were positive in Q2

Cumulative total return, December 31, 2020 to June 30, 2021



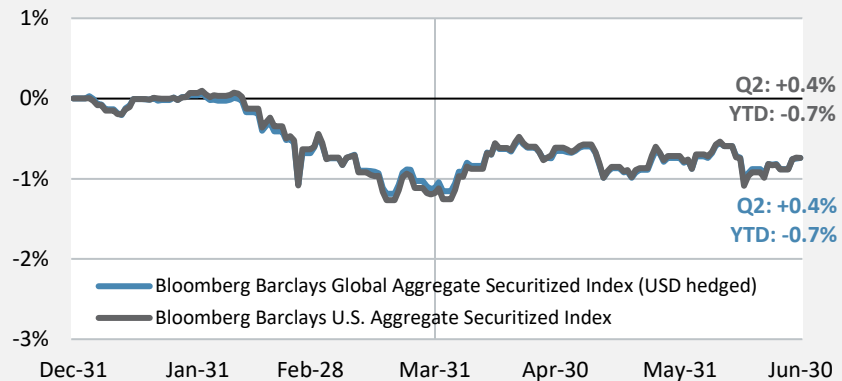
### Emerging market bond performance was positive in Q2

Cumulative total return, December 31, 2020 to June 30, 2021



### Overall structured credit was positive in Q2

Cumulative total return, December 31, 2020 to June 30, 2021



### U.S. high yield bond market performance was positive in Q2

Cumulative total return, December 31, 2020 to June 30, 2021



Data source: Bloomberg Finance, L.P.

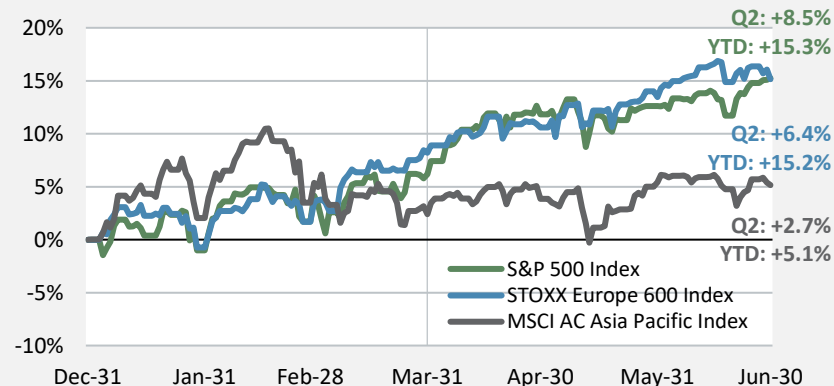
Past performance is not necessarily indicative of future results.

# Q2 2021 Equity Market Themes

## Absolute Return Strategies

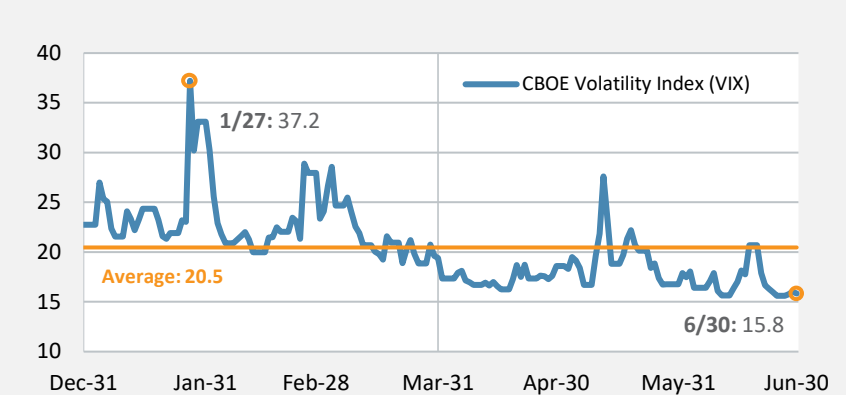
### Positive global equity market performance in Q2

Cumulative total return, December 31, 2020 to June 30, 2021



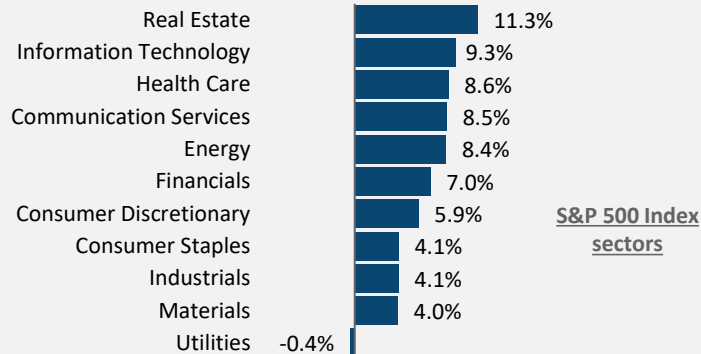
### Equity market implied volatility decreased in Q2

Daily data, December 31, 2020 to June 30, 2021



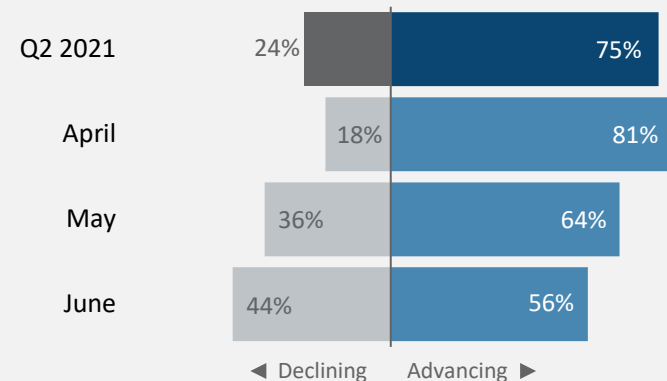
### Most sectors had positive performance in Q2

Cumulative total return, April 1, 2021 to June 30, 2021



### Positive equity market breadth in Q2

Percent of S&P 500 Index constituents advancing vs. declining



Data source: Bloomberg Finance, L.P.

Past performance is not necessarily indicative of future results.

# Q2 2021 Macroeconomic Market Themes

## Absolute Return Strategies

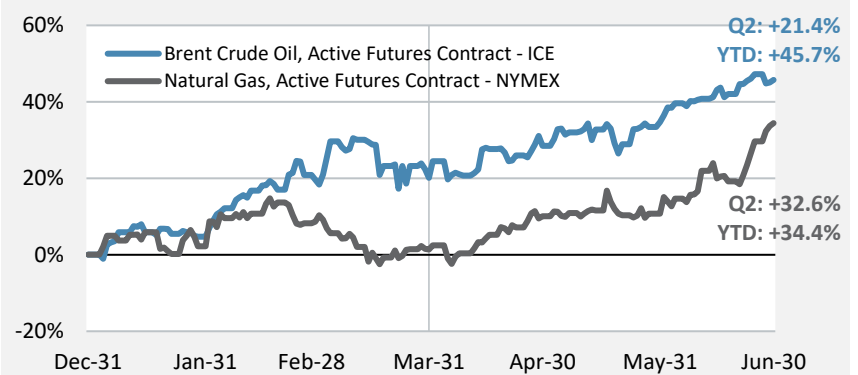
### Commodity market performance was positive in Q2

Cumulative total return, December 31, 2020 to June 30, 2021



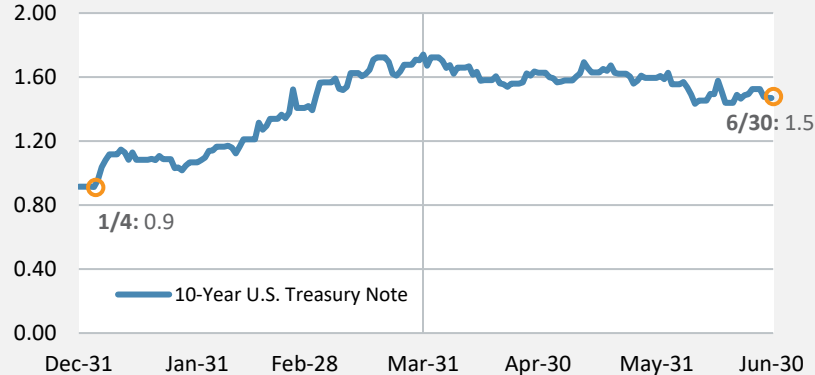
### Both natural gas prices and oil prices rose in Q2

Cumulative total return, December 31, 2020 to June 30, 2021



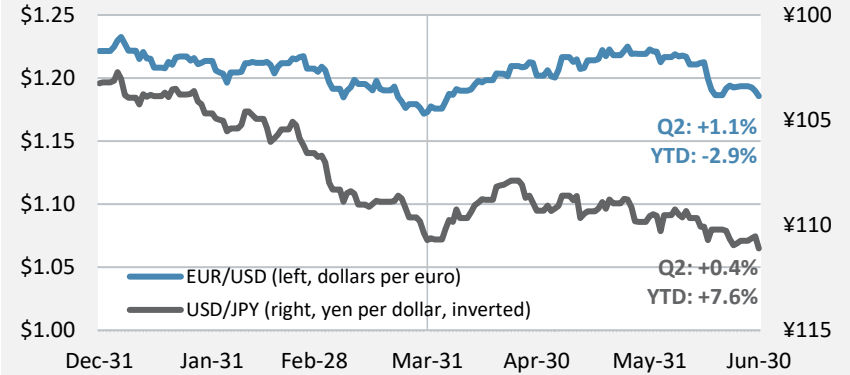
### U.S. treasury note yields declined in Q2

Yield (%), December 31, 2020 to June 30, 2021



### Yen depreciated and euro appreciated against the dollar in Q2

December 31, 2020 to June 30, 2021



Data source: Bloomberg Finance, L.P.

Past performance is not necessarily indicative of future results.

Appendix

## Notes and Disclosures



**10-year U.S. Treasury Note<sup>1</sup>** - The 10-year Treasury note is a debt obligation issued by the United States government with a maturity of 10 years upon initial issuance. A 10-year Treasury note pays interest at a fixed rate once every six months and pays the face value to the holder at maturity. The U.S. government partially funds itself by issuing 10-year Treasury notes.

**Bank of Japan (BOJ)<sup>2</sup>** - The central bank of Japan.

**Bloomberg Barclays Credit Indices<sup>1</sup>** - The Bloomberg Barclays Indices are widely used indices for fixed income investors seeking objective, rules-based, and representative benchmarks to measure asset-class risk and returns. Various credit indices such as "High Yield" and "Investment Grade" are explained in those descriptions.

**Bloomberg Barclays Global Aggregate Bond Index<sup>1</sup>** - The Bloomberg Barclays Global Aggregate Bond Index is a flagship measure of a global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Bloomberg Barclays Global Aggregate Securitized Index<sup>1</sup>** - This Securitized Index tracks securitized bonds from Bloomberg Barclays Global Aggregate Bond Index.

**Bloomberg Barclays High Yield Municipal Bond Index<sup>3</sup>** - The Bloomberg Barclays High Yield Municipal Bond Index measures the non-investment-grade and nonrated U.S. dollar-denominated, fixed-rate, tax-exempt bond market within the 50 states and four other qualifying regions (Washington, D.C.; Puerto Rico; Guam; and the Virgin Islands). The index allows state and local general obligation, revenue, insured, and prefunded bonds; however, historically the index has been composed of mostly revenue bonds.

**Bloomberg Barclays U.S. Aggregate Bond Index<sup>1</sup>** - The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS (agency and non-agency).

**Bloomberg Barclays U.S. Aggregate Securitized Index<sup>1</sup>** - The Bloomberg Barclays US Securitized Index is a composite of asset-backed securities, collateralized mortgage-backed securities (ERISA-eligible) and fixed rate mortgage-backed securities.

**Bloomberg Commodity Index<sup>1</sup>** - The Bloomberg Commodity Index is composed of futures contracts and reflects the returns on a fully collateralized investment in the Bloomberg Commodity Index (BCOM). This combines the returns of the BCOM with the returns on cash collateral invested in 3-month U.S. Treasury Bills. BCOM is calculated on an excess return basis and reflect commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector, and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

**Bloomberg Developed Markets Large and Mid Cap Return Index<sup>1</sup>** - A float market-cap-weighted equity benchmark that covers 85% market cap of the measured market.

**Crude Oil Active Futures Contract<sup>1</sup>** - A global benchmark for navigating crude oil markets. Ice Brent Futures is a deliverable contract based on EFP delivery with an option to cash settle.

**CBOE Volatility Index<sup>1</sup>** - The VIX is a financial benchmark designed to be an up-to-the-minute market estimate of the expected volatility of the S&P 500 Index and is calculated by using the midpoint of real-time S&P 500 Index option bid/ask quotes.

**CCC<sup>4</sup>** - An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

**Consumer Price Index (CPI)<sup>5</sup>** - The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available.

Data sources: (1) Bloomberg Finance L.P., (2) NASDAQ, (3) Wells Fargo Asset Management, (4) U.S. Securities and Exchange Commission, (5) U.S. Bureau of Labor Statistics, (6) Credit Suisse, (7) Goldman Sachs Research, (8) U.S. Department of Commerce, (9) Cornell Law School, (10) BlackRock, (11) MSCI, (12) Charles Schwab, (13) FTSE Russell, (14) Fidelity  
Indices are unmanaged, include the reinvestment of dividends, do not reflect the impact of management fees or performance fees and may not be available for direct investment.

**Credit Suisse High Yield Index<sup>6</sup>** - The Credit Suisse High Yield Index (USHY) is a market cap weighted benchmark index designed to mirror the investable universe of the U.S.-denominated high yield debt market. The index aims to capture the liquid universe of high yield debt denominated in U.S. Dollars and issued by the most actively traded names in U.S. credit market.

**European Central Bank (ECB)<sup>2</sup>** - Bank created to monitor the monetary policy of the countries that have converted to the Euro from their local currencies. The original 11 countries are: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain.

**Federal Reserve Bank (Fed)<sup>2</sup>** - One of the 12 member banks constituting the U.S. Federal Reserve System that is responsible for overseeing the commercial and savings banks of its region to ensure their compliance with regulation.

**Goldman Sachs (GS) Hedge Fund VIP Index<sup>7</sup>** - The GS Hedge Fund VIP basket consists of the 50 companies that matter most to hedge funds (as determined by Goldman Sachs). The positions in this basket are the stocks that appear most frequently as top ten holdings of hedge funds.

**Goldman Sachs U.S. Financial Conditions Index<sup>7</sup>** - Goldman's preferred FCI is constructed as a weighted average of short-term interest rates, long-term interest rates, the trade-weighted dollar, an index of credit spreads, and the ratio of equity prices to the 10-year average earnings per share.

**Gross Domestic Product (GDP)<sup>8</sup>** - Gross Domestic Product is a comprehensive measure of U.S. economic activity. GDP measures the value of the final goods and services produced in the United States (without double counting the intermediate goods and services used up to produce them). Changes in GDP are the most popular indicator of the nation's overall economic health.

**HFRI Fund Weighted Composite Index<sup>1</sup>** - The HFRI Fund Weighted Composite Index includes more than 2,000 constituent domestic and offshore funds (no funds of funds are included). Funds must have AUM of \$50M and have been actively trading for 12 months. This index is calculated three times per month and rebalanced monthly.

**High Yield<sup>4</sup>** - High yield bonds have a lower credit rating, implying higher credit risk, than investment-grade bonds and, therefore, offer higher interest rates in return for the increased risk.

**Investment Grade<sup>9</sup>** - Investment grade means the issuer of a security has an adequate capacity to meet financial commitments under the security for the projected life of the asset or exposure. An issuer has an adequate capacity to meet financial commitments if the risk of default by the obligor is low and the full and timely repayment of principal and interest is expected.

**iShares 7-10 Year Treasury Bond ETF<sup>10</sup>** - Seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities between seven and ten years.

**JP Morgan Emerging Markets Bond Index Global<sup>1</sup>** - The JP Morgan Emerging Market Bond Index (EMBI) are a set of three bond indices to track bonds in emerging markets operated by JP Morgan. The indices are the Emerging Markets Bond Index Plus, the Emerging Markets Bond Index Global and the Emerging Markets Bond Global Diversified Index.

**MSCI AC Asia Pacific Index<sup>1</sup>** - The MSCI AC Asia Pacific Index captures large and mid cap representation across 5 Developed Markets countries and Emerging Markets countries in the Asia Pacific region (Developed Markets countries in the index include: Australia, Hong Kong, Japan, New Zealand and Singapore. Emerging Markets countries include: China, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Taiwan and Thailand). With 1,542 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Calculated based on the price changes and reinvested dividends.

**MSCI Emerging Markets Index<sup>11</sup>** - Captures large and mid cap representation across 27 Emerging Markets (EM) countries.

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**Natural Gas, Active Futures Contract – NYMEX<sup>1</sup>** - The NYMEX, or New York Mercantile Exchange, is an organized market where tradable commodities—such as contracts on natural gas—are bought and sold. The NYMEX is the world's largest exchange for energy products. It handles billions of dollars in commodities each year and helps form the basis for the prices paid for these commodities. When it comes to natural gas (and other commodities, too), the NYMEX trades futures contracts. These legally binding agreements ensure that the parties involved buy or sell at an agreed-upon price at a specified time in the future.

**Personal Consumption Expenditures (PCE)<sup>12</sup>** - A personal consumption expenditures (PCE) prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends. It is closely watched by the Federal Reserve as it conducts Monetary Policy.

**Russell 100 Growth and Value Indices<sup>13</sup>** - The industry's first style indexes to provide investors with accurate benchmarks for measuring the growth and value equity market segments.

**S&P 500 GICS Sectors Indices<sup>14</sup>** - The S&P 500's Global Industry Classification Standard (GICS) framework is comprised of 11 sectors, 24 industry groups, 68 industries, and 157 subindustries. These breakouts now reflect our current economy.

**S&P 500 Index<sup>1</sup>** - The S&P 500 Index is a capitalization-weighted index designed to measure the performance of the U.S. economy through changes in the market value of stocks representing major industries. Shares rebalanced quarterly. Constituent changes made as needed. Total returns reported.

**STOXX Europe 600 Index<sup>1</sup>** - The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 companies, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region. Calculated based on the price changes and reinvested dividends.

Data sources: (1) Bloomberg Finance L.P., (2) NASDAQ, (3) Wells Fargo Asset Management, (4) U.S. Securities and Exchange Commission, (5) U.S. Bureau of Labor Statistics, (6) Credit Suisse, (7) Goldman Sachs Research, (8) U.S. Department of Commerce, (9) Cornell Law School, (10) BlackRock, (11) MSCI, (12) Charles Schwab, (13) FTSE Russell, (14) Fidelity  
Indices are unmanaged, include the reinvestment of dividends, do not reflect the impact of management fees or performance fees and may not be available for direct investment.

# Data Sources

## Notes and Disclosures

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Bloomberg Finance L.P.

Credit Suisse.

Preqin.

Hedge Fund Research (HFR).

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Set forth below are general categories of risks that apply to investing in the Fund. The risks that apply to investing in the Fund are described in greater detail in the Fund’s current Prospectus.

**Market Risks** – the risks that economic and market conditions and factors may materially adversely affect the value of the Fund’s investments.

**Illiquidity Risks** – the risks arising from the fact that Shares are not traded on any securities exchange or other market and are subject to substantial restrictions on transfer; although the Fund may offer to repurchase Shares from time to time, a shareholder may not be able to liquidate its Shares of the Fund for an extended period of time.

**Strategy Risks** – the risks associated with the possible failure of GCMLP’s asset allocation methodology, investment strategies, or techniques used by GCMLP (as defined below) or an Investment Manager.

**Manager Risks** – the risks associated with the Fund’s investments with Investment Managers.

**Structural and Operational Risks** – the risks arising from the organizational structure and operative terms of the Fund and the Investment Funds.

**Cybersecurity Risks** – technology used by the Fund and by its service providers could be compromised by unauthorized third parties.

**Foreign Investment Risks** – the risks of investing in non-U.S. investment products and non-U.S. Dollar currencies.

**Leverage Risks** – the risks of using leverage, which magnifies the volatility of changes in the value of an investment, including losses.

**Valuation Risks** – the risks relating to GCMLP’s reliance on Investment Managers to accurately value the financial instruments in the Investment Funds they manage.

**Institutional Risks** – the risks that the Fund could incur losses due to failures of counterparties and other financial institutions.

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