

# 2023 Annual Report





## Dear Shareholders,

GCM Grosvenor performed well in 2023 against a challenging backdrop. We delivered value for our clients while growing the earnings power of our business for shareholders. Fee-Paying Assets Under Management, Fee Related Earnings ("FRE") and Adjusted Net Income ("ANI") all grew year-over-year and we returned capital to our shareholders through a combination of our dividend (which averaged a 5.5% yield) and share buybacks.

The year was marked by continued inflation and higher interest rates, geopolitical instability, and market volatility. As a consequence, transaction levels were significantly lower than historical averages, resulting in lower levels of realizations by private asset managers and, in turn, lower distributions of capital to limited partners.

Despite this backdrop, our business demonstrated its strength and resilience. We delivered strong investment performance across strategies. Our clients showed their appreciation and loyalty by entrusting us with \$5.1 billion of additional capital during the year, raised from a highly diversified group of clients, 40% of which were either new to the investment strategy or new to the firm entirely. In a testament to our recent investments to expand distribution to new geographies, over half the capital raised in 2023 came from outside of the United States. We continued to expand our global footprint this year by opening a new office in Sydney, Australia.

During the year we also continued to improve on the firm's earnings quality and earnings power. The 'double mix shift' within our business towards long-term Private Markets strategies and higher fee direct-oriented strategies continued. Since going public, our Assets Under Management ("AUM") from Private Markets has increased to 71% at the end of 2023, from 59% at the end of 2020. Similarly, within Private Markets, direct-oriented strategies now represent 52% of AUM at year-end, compared to 39% at the end of 2020.

These shifts contribute to higher visibility of future management fees, contribute positively to management fee rates, and increase the firm's carry earnings power. At the same time, we've continued to successfully realize the operating leverage that exists across our platform, leading to further expansion in our FRE margin to 38%. We have increased our FRE margin by 700 basis points and our annual FRE has grown by a 14% compound annual growth rate since full year 2020.

One of the key strengths of our business model is its high degree of management fee centrality, providing high visibility into our future revenue and earnings. That said, our incentive fee earnings opportunity provides significant upside potential to our earnings that, we believe, creates tangible shareholder value. Our gross unrealized carried interest has nearly doubled over the past three years and stands at \$776 million as of year-end. On top of that, our run-rate annual performance fees, which are largely associated with our Absolute Return Strategies business, stand at \$28 million as of year-end.

Looking forward, we enter 2024 with significant optimism for our opportunity set this year and beyond. We entered the year with approximately \$9 billion of dry powder, which we are excited to deploy in an attractive market environment and look forward to raising additional capital behind that. We also enter 2024 with a full pipeline of capital raising opportunities, leading us to expect that our 2024 fundraising will exceed 2023.

We have positioned our platform such that we can serve the alternative investment needs of essentially any client. As a result, we are ideally situated to capture market share in high-growth asset classes such as real assets, where we've grown our assets at a 30% compound annual growth rate over the last three years, or in credit, where we have more than \$13 billion of AUM and have strategically invested to deepen our existing investment expertise.

Similarly, we look forward to seizing white space in under-penetrated distribution channels, most notably with insurance clients and individual investors, both of which are generally under allocated to alternatives and will benefit from the type of comprehensive and creative partnerships that play squarely to our strengths.

We look forward to generating significant, ongoing shareholder value through both our earnings growth and return of capital.

Thank you for your continued confidence and trust.

Sincerely,



**Michael J. Sacks**  
Chairman and Chief Executive Officer | GCM Grosvenor

## At GCM Grosvenor

**Culture** is key to our success.

**Culture** is a defensible asset.

### Culture of:

**COMPLIANCE** – Tone from the Top

**SERVICE** – We Succeed When Our Clients Succeed

**EXCELLENCE** – People and Performance

**DIVERSITY, EQUITY AND INCLUSION**



## GCM Grosvenor By The Numbers<sup>1</sup>

### The Firm

52+

YEARS OF INVESTING  
IN ALTERNATIVES

\$77B

ASSETS UNDER  
MANAGEMENT ("AUM")

~540

EMPLOYEES  
WORLDWIDE

### OUR ASSETS

\$56B Customized Separate Accounts  
AUM (73% of total)

\$21B Specialized Funds AUM  
(27% of total)

\$54B Private Markets Strategies  
AUM (71% of total)

\$29B Private Equity

\$6B Real Estate

\$14B Infrastructure

\$22B Absolute Return  
Strategies AUM

\$13B Alternative Credit AUM<sup>2</sup>

### OUR PROFITABILITY<sup>5</sup>

\$12.8M 2023 GAAP Net Income

\$139.9M 2023 Fee Related Earnings

\$162.2M 2023 Adjusted EBITDA

\$103.2M 2023 Adjusted Net Income

### OUR CAPITAL ALLOCATION

\$184M Firm Share of Investments

\$140M Buyback Authorization<sup>6</sup>

### OUR REVENUE DRIVERS

\$62B Fee Paying AUM

\$7B Contracted Not  
Yet Fee Paying AUM

\$776M Unrealized Carried Interest<sup>3</sup>

\$28M Run-rate Annual  
Performance fees<sup>4</sup>

### OUR IMPACT

\$26B Sustainable and Impact  
Investments AUM<sup>2</sup>

62% of employees based in the U.S.  
women or ethnically diverse<sup>7</sup>

53% of investment professionals in the  
U.S. are women or ethnically diverse<sup>7</sup>

1 As of and for the year ended December 31, 2023.

2 Alternative credit and sustainable / impact investments overlap with investments in private market strategies and absolute return strategies.

3 Gross unrealized carried interest represents consolidated view, including all non-controlling interests and compensation related awards.

4 Run-Rate Annual Performance Fees reflect the potential annual performance fees generated by performance fee-eligible AUM, before any loss carry forwards, if any, at an 8% gross return for both multi-strategy and credit strategies, and a 10% gross return for specialized opportunity strategies, before cash-based incentive fee related compensation. The majority of run-rate annual performance fees relate to absolute return strategies.

5 Fee Related Earnings, Adjusted EBITDA and Adjusted Net Income are non-GAAP financial measures. See Part II, Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Non-GAAP Financial Measures" of our Annual Report on Form 10-K, which is included in this Annual Report, for more information about these non-GAAP financial measures and a reconciliation of each measure to the most directly comparable GAAP measure.

6 Following the February 2024 increase to the authorization by the Board of Directors.

7 Ethnic diversity is calculated for US office employees only.

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## Notes and Disclosures

Financial metrics, assets under management, and commitment data presented herein as of December 31, 2023. Employee data as of January 1, 2024.

GCM Grosvenor (Nasdaq: GCMG) is a global alternative asset management solutions provider across private equity, infrastructure, real estate, credit, and absolute return investment strategies.

For any questions, please contact GCM Grosvenor Investor Relations at [investorrelations@gcmlp.com](mailto:investorrelations@gcmlp.com).

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-39716

**GCM Grosvenor Inc.**

(Exact Name of Registrant as Specified in Its Charter)

<b>Delaware</b> (State or Other Jurisdiction of Incorporation or Organization)	<b>85-2226287</b> (I.R.S. Employer Identification No.)
<b>900 North Michigan Avenue, Suite 1100</b> <b>Chicago, IL</b> (Address of Principal Executive Offices)	<b>60611</b> (Zip Code)
<b>312-506-6500</b> (Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	GCMG	The Nasdaq Stock Market LLC
Warrants to purchase shares of Class A common stock	GCMGW	The Nasdaq Stock Market LLC

**Securities registered pursuant to section 12(g) of the Act: None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates was approximately \$309.7 million, based on the closing price of the registrant's common stock on the Nasdaq Stock Market on June 30, 2023 of \$7.54 per share.

As of February 27, 2024, there were 42,996,776 shares of the registrant's Class A common stock, par value \$0.0001 per share, outstanding and 144,235,246 shares of the registrant's Class C common stock, par value \$0.0001 per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive proxy statement relating to its 2024 annual meeting of the shareholders (the "2024 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2024 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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## BASIS OF PRESENTATION

As used in this Annual Report on Form 10-K, unless as the context requires otherwise, as used herein, references to “GCM,” the “Company,” “we,” “us,” and “our,” and similar references refer collectively to GCM Grosvenor Inc. and its consolidated subsidiaries.

Unless the context otherwise requires, references in this Annual Report on Form 10-K to:

- “A&R LLLPA” are to the Fifth Amended and Restated Limited Liability Limited Partnership Agreement of GCMH;
- “AUM” are to assets under management;
- “Business Combination” or “Transaction” are to the transactions contemplated by the Transaction Agreement;
- “Bylaws” are to our Amended and Restated Bylaws;
- “CAGR” are to compound annual growth rate;
- “CFAC” are to CF Finance Acquisition Corp., a Delaware corporation;
- “CF Investor” are to CF GCM Investor, LLC, a Delaware limited liability company;
- “CF Sponsor” are to CF Finance Holdings, LLC, a Delaware limited liability company;
- “Charter” are to our Amended and Restated Certificate of Incorporation;
- “Class C Share Voting Amount” are to the “Class C Share Voting Amount,” as such term is defined in our Charter, which is generally a number of votes per share equal to (1) (x) an amount of votes equal to 75% of the aggregate voting power of our outstanding capital stock (including for this purpose any Includible Shares), minus (y) the total voting power of our outstanding capital stock (other than the Class C common stock) owned or controlled, directly or indirectly, by the Key Holders (including any Includible Shares), divided by (2) the number of shares of Class C common stock then outstanding;
- “clients” are to persons who invest in our funds, even if such persons are not deemed clients of our registered investment adviser subsidiaries for purposes of the Investment Advisers Act 1940, as amended;
- “Closing Date” are to November 17, 2020;
- “Code” are to the U.S. Internal Revenue Code of 1986, as amended;
- “Class A common stock” are to our Class A common stock, par value \$0.0001 per share;
- “Class B common stock” are to our Class B common stock, par value \$0.0001 per share;
- “Class C common stock” are to our Class C common stock, par value \$0.0001 per share;
- “FPAUM” are to fee-paying AUM;
- “GCMG” are to GCM Grosvenor Inc., which was incorporated in Delaware as a wholly owned subsidiary of Grosvenor Capital Management Holdings, LLLP, formed for the purpose of completing the Transaction. Pursuant to the Transaction, Grosvenor Capital Management Holdings, LLLP cancelled its shares in GCM Grosvenor Inc. no longer making GCM Grosvenor Inc. a wholly owned subsidiary of Grosvenor Capital Management Holdings, LLLP;
- “GCM Grosvenor” are to GCMH, its subsidiaries, and GCM, LLC;
- “GCM LLC” are to GCM, L.L.C., a Delaware limited liability company;
- “GCM V” are to GCM V, LLC, a Delaware limited liability company;
- “GCMH” are to Grosvenor Capital Management Holdings, LLLP, a Delaware limited liability limited partnership;
- “GCM Funds” and “our funds” are to GCM Grosvenor’s specialized funds and customized separate accounts;
- “GCMHGP LLC” are to GCMH GP, L.L.C., a Delaware limited liability company;
- “GCMH Equityholders” are to Holdings, Management LLC, Holdings II, and GCM Progress Subsidiary LLC;
- “GCMLP” are to Grosvenor Capital Management, L.P., an Illinois limited partnership;
- “Grosvenor common units” are to units of partnership interests in GCMH entitling the holder thereof to the distributions, allocations, and other rights accorded to holders of partnership interests in GCMH following the Grosvenor Redomicile and LLLPA Amendment;
- “Holdings” are to Grosvenor Holdings, L.L.C., an Illinois limited liability company;
- “Holdings II” are to Grosvenor Holdings II, L.L.C., a Delaware limited liability company;

- “Includible Shares” are to any shares of our voting stock issuable in connection with the exercise (assuming, solely for this purpose, full exercise and not net exercise) of all outstanding options, warrants, exchange rights, conversion rights or similar rights to receive voting stock of GCM Grosvenor Inc., in each case owned or controlled, directly or indirectly, by the Key Holders, but excluding the number of shares of Class A common stock issuable in connection with the exchange of Grosvenor common units, as a result of any redemption or direct exchange of Grosvenor common units effectuated pursuant the A&R LLLPA;
- “IntermediateCo” are to GCM Grosvenor Holdings, LLC (formerly known as CF Finance Intermediate Acquisition, LLC), a Delaware limited liability company;
- “Key Holders” are to Michael J. Sacks, GCM V and the GCMH Equityholders;
- “Management LLC” are to GCM Grosvenor Management, LLC, a Delaware limited liability company;
- “Mosaic” are to Mosaic Acquisitions 2020, L.P.;
- “Mosaic Transaction” are to a transaction, effective January 1, 2020, by which GCMH and its affiliates transferred certain indirect partnerships interests related to historical investment funds managed by GCMH and its affiliates to Mosaic;
- “NAV” are to net asset value;
- “Sunset Date” are to the date the GCMH Equityholders beneficially own a number of voting shares representing less than 20% of the number of shares of Class A common stock beneficially owned by the GCMH Equityholders immediately following the Closing Date (assuming, for this purpose, that all outstanding Grosvenor common units are and were exchanged at the applicable measurement time by the GCMH Equityholders for shares of Class A common stock in accordance with the A&R LLLPA and without regard to the lock-up or any other restriction on exchange);
- “Transaction Agreement” are to the definitive transaction agreement, dated as of August 2, 2020, by and among CFAC, IntermediateCo, the CF Sponsor, GCMH, the GCMH Equityholders, GCMHGP LLC, GCM V and us;
- “Underlying funds” are to the investment vehicles managed by third-party investment managers in which GCM Funds invest;
- “TRA Parties” are to the GCMH LLLP Equityholders, and their successors and assigns with respect to the Tax Receivable Agreement (“TRA”); and
- “Voting shares” are to our securities that are beneficially owned by a voting party that may be voted in the election of our directors, including any and all of our securities acquired and held in such capacity subsequent to the date of the Transaction Agreement.

## FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Annual Report on Form 10-K, including, but not limited to, statements regarding our future results of operations or financial condition; business strategy and plans; and market opportunity may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to statements regarding our future results of operations and financial position, industry and business trends, equity compensation, business strategy, plans, market growth and our objectives for future operations.

The forward-looking statements in this Annual Report on Form 10-K are only current expectations and predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the historical performance of GCM Grosvenor’s funds may not be indicative of GCM Grosvenor’s future results; risks related to redemptions and termination of engagements; the variable nature of GCM Grosvenor’s revenues; competition in GCM Grosvenor’s industry; effects of government regulation or compliance failures; market, geopolitical and economic conditions; identification and availability of suitable investment opportunities; risks related to the performance of GCM Grosvenor’s investments; and the other important factors discussed under the caption “Risk Factors” in this Annual Report on Form 10-K. The forward-looking statements in this Annual Report on Form 10-K are based upon information available to us as of the date of this Annual Report on Form 10-K, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed as exhibits to this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Annual Report on Form 10-K.

## SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those highlighted in the section entitled “Risk Factors” in this Annual Report on Form 10-K, that represent challenges that we face in connection with the successful implementation of our strategy and the growth of our business. In particular, the following considerations, among others, may offset our competitive strengths or have a negative effect on our business strategy, which could cause a decline in the price of shares of our Class A common stock or warrants:

- The historical performance of our funds should not be considered as indicative of the future results of our operations or any returns expected on an investment in our Class A common stock;
- Investors in our open-ended, specialized funds may generally redeem their investments in these funds on a periodic basis. Investors in most of our closed-ended, specialized funds may terminate the commitment periods of these funds or otherwise cause our removal as general partner of these funds under certain circumstances;
- Our business and financial condition may be materially adversely impacted by the variable nature of our revenues, and in particular the performance-based aspect of certain of our revenues and cash flows;
- The industry in which we operate is intensely competitive. If we are unable to compete successfully, our business and financial condition could be adversely affected;
- A decline in the pace or size of fundraising or investments made by us on behalf of our funds may adversely affect our revenues;
- We are subject to numerous conflicts of interest that are both inherent to our business and industry and particular to us;
- Our entitlement to receive carried interest from many of our funds may create an incentive for us to make more speculative investments and determinations on behalf of a fund than would be the case in the absence of such arrangement;
- Our international operations subject us to numerous risks;
- Our indebtedness may expose us to substantial risks;
- Extensive government regulation, compliance failures and changes in law or regulation could adversely affect us;
- Difficult market, geopolitical and economic conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our funds, reducing the number of high-quality investment managers with whom we may invest, and reducing the ability of our funds to raise or deploy capital;
- If the investments we make on behalf of our funds perform poorly, we may suffer a decline in our revenues;
- The loss of experienced and senior personnel could have a material adverse effect on our business and financial condition;
- We intend to expand our business and may formulate new business strategies or enter into new geographic markets, which may result in additional risks and uncertainties in our business;
- Operational risks may disrupt our business, damage our reputation, result in financial losses or limit our growth; and
- We are subject to increasing and diverging scrutiny from clients, investors, regulators, elected officials, stockholders and other stakeholders or third parties with respect to Sustainable and Impact investing matters, which may constrain investment opportunities, adversely impact our ability to raise capital, and result in increased costs or otherwise adversely affect us.



## Part I.

### ITEM 1. BUSINESS

#### Our Company

Over our 52-year history we have been a leading global alternative asset management solutions provider. We invest across all major alternative investment strategies and are highly flexible in how we structure our solutions to meet each client's specific needs. As of December 31, 2023, we had \$76.9 billion in AUM.

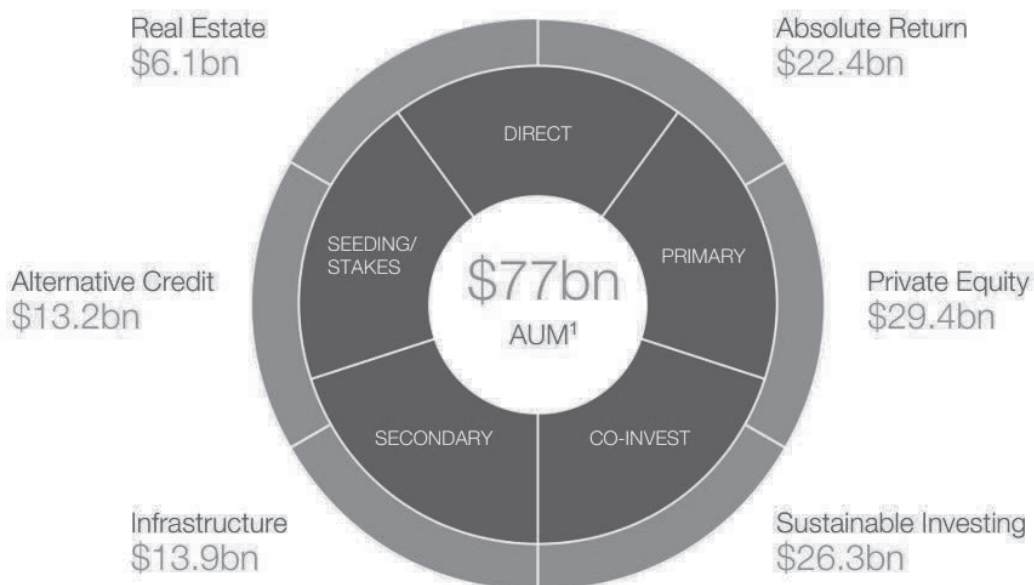
Our central objectives are to provide our clients with choice, deliver innovative alternative investment offerings and generate competitive risk-adjusted returns. We partner with our institutional and individual clients to invest on their behalf across the private and public markets, either through portfolios customized to meet a client's specific objectives or through specialized funds that are developed to meet broad market demands for strategies and risk-return objectives. Our clients include large, sophisticated, global institutional investors and a growing individual investor client base. In both cases, our clients rely on our investment expertise and differentiated investment access to navigate the alternatives market. As one of the pioneers of customized separate account solutions, we are equipped to provide investment services to clients with a wide variety of needs, internal resources and investment objectives, and our client relationships are deep and frequently span decades.

As of December 31, 2023, we had 538 employees, including 177 investment professionals, operating in nine offices throughout the United States and in Frankfurt, Hong Kong, London, Seoul, Sydney, Tokyo, and Toronto.

For the years ended December 31, 2023 and 2022, our total management fees were \$375 million and \$367 million, respectively, total operating revenues were \$445 million and \$447 million, respectively, our net income was \$13 million and \$20 million, respectively, our fee related earnings were \$140 million and \$129 million, respectively, and our adjusted net income was \$103 million and \$94 million, respectively.

We believe our history, experience, expertise and scale across the full range of alternative investment strategies, combined with our flexible implementation approach, are key differentiators and position us well to provide a strong value proposition for clients. In addition, we believe our "one firm" culture, which is rooted in values of integrity and responsibility, is a key intangible asset to all our stakeholders.

#### Investment Strategies



<sup>1</sup> AUM as of December 31, 2023; Sustainable Investing and Alternative Credit investments overlap with investments in other strategies.

We operate at scale across the full range of private markets and absolute return strategies. Private markets and absolute return strategies are primarily defined by the liquidity of the underlying securities purchased, the length of the client commitment, and the form and timing of incentive fees. We offer the following private markets and absolute return investment strategies:

### **Private Markets**

Private Markets represents \$54.5 billion of AUM, or 71% of total AUM. Private Markets consists of Private Equity, Infrastructure and Real Estate as well as certain strategies that span the full breadth of the platform, which are addressed in more detail below.

- *Private Equity.* We are a recognized industry leader in private equity with global capabilities investing in primary funds, secondaries and co-investments. As of December 31, 2023, we managed \$29.4 billion of AUM in private equity strategies.
- *Infrastructure.* We are a leading open architecture infrastructure platform with nearly two decades of experience. Our investment activities span geographies, infrastructure subsectors, and include fund investing, secondary investing and direct investing. As of December 31, 2023, we managed \$13.9 billion of AUM in infrastructure strategies.
- *Real Estate.* We manage real estate investment portfolios through a flexible investment platform to provide differentiated exposure to opportunistic real estate investments, primarily in North America. We are a leader in seeding new platforms, joint venture investing, and other creative and innovative implementation methods to access attractive real estate returns. As of December 31, 2023, we managed \$6.1 billion of AUM in real estate strategies.

### **Absolute Return Strategies**

- *Absolute Return Strategies.* We have been investing in hedge fund strategies for over 52 years. We are an experienced and scaled platform with a leading capability in providing customized solutions. As of December 31, 2023, we managed \$22.4 billion of AUM in our absolute return strategies, or 29% of our total AUM.

### **Strategies Across Private Markets and Absolute Return Strategies**

- *Middle Market and Small, Emerging, and Diverse Managers.* Over the past 30 years, we have developed a market-leading, dedicated effort to investing in and alongside middle market and small and emerging managers, which we believe adds significant, differentiated value to our clients. In addition, we have invested with diverse managers for approximately 20 years, consistent with our firm's commitment to seeking competitive risk-adjusted investment returns for our clients. We believe diverse managers represent a compelling, yet undercapitalized investment opportunity in the alternatives universe. As of December 31, 2023, we managed \$19.7 billion of AUM in small and emerging managers and \$15.7 billion of AUM in diverse managers.
- *Alternative Credit.* We are a leader in alternative credit investing and our one-firm approach to the asset class provides us with a competitive advantage. Our activities cover the liquidity spectrum across structured credit, corporate credit, distressed, direct lending, and real assets. As of December 31, 2023, we managed \$13.2 billion of AUM in alternative credit strategies.
- *Opportunistic Investing.* Our Strategic Investments Group combines our unparalleled deal sourcing platform with flexibility of mandate to opportunistically invest across asset classes, liquidity profiles, capital structures and geographies. This differentiated approach has allowed our Strategic Investments Group to become one of the leading opportunistic investing platforms in the marketplace. Total AUM for our Strategic Investments Group is \$5.2 billion as of December 31, 2023.
- *Sustainable and Impact Investing.* For over two decades, we have implemented Sustainable Investing solutions for clients, offering clients choice around the inclusion of Sustainable Investing themes, and/or Impact factors into their portfolio construction. We have been consistently committed to helping our clients achieve their own objectives by designing solutions that meet our clients' varied goals, priorities, and risk tolerances. Total Sustainable Investments AUM is \$26.3 billion as of December 31, 2023.

## Client Offerings and Value Proposition

We strive to put our clients' needs first, and a key to doing that is by providing solutions across alternatives strategies with a high degree of flexibility. Within each investment strategy, we make primary investments in funds managed by third-party managers, which we refer to as primary fund investments, and we pursue 'direct-oriented' strategies: we acquire secondary stakes in such funds, which we refer to as secondaries; we co-invest alongside such primary fund managers, which we refer to as co-investments; we make seed investments in small and emerging managers, which we refer to as seeding; and we invest directly into operating businesses and operating assets, which we refer to as direct investing.

From a structural standpoint, we offer investment portfolios to clients in two broad ways:

- *Customized separate accounts.* We construct customized portfolios to meet our clients' specific objectives with regards to asset classes, implementation types, return, risk tolerance, diversification, liquidity and other factors. We believe that the strong economic value proposition for customized separate accounts helps create a moat around our strategic partnerships with our clients, which in turn helps foster long-term relationships. Depending on the program, we offer our clients fee savings and preferential terms as well as access to proprietary capacity or deal flow. Beyond our strong economic value proposition, for many of our large clients, we also provide value-add ancillary services, including fund administration, portfolio risk management and research access. Clients also can benefit from the scale of our data and technology systems. Generally available for commitments of \$100 million or more, customized separate accounts comprised \$56.4 billion, or 73% of our AUM as of December 31, 2023.
- *Specialized funds.* We continue to expand our offering of specialized funds, which are products through which multiple investors can access a particular investment strategy through a commingled vehicle. Our specialized funds leverage our existing investment capabilities, and lower minimum investment thresholds, allowing us to expand our investor footprint. Our specialized funds comprised \$20.5 billion, or 27% of our AUM, as of December 31, 2023.

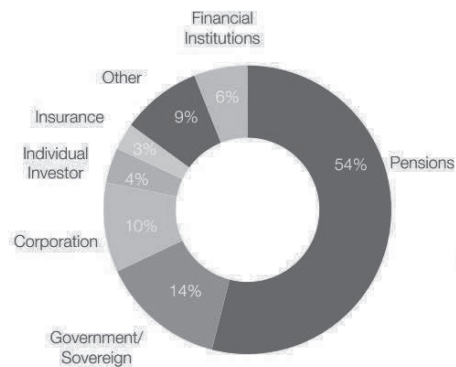
## Global Footprint and Diversified Client Base

Our client base is highly tenured, in large part due to the aforementioned strength of our value proposition. Our 25 largest clients by AUM have been with us for an average of approximately 14 years and our existing clients are a key driver of our asset growth. Existing clients contributed more than 82% of the total capital raised in 2023 and has typically been 50%-85% of total annual capital raised historically. Notably, capital from existing clients has pertained to both existing programs and new portfolios in different investment strategies, and cross-selling has traditionally been another key driver of the firm's growth. As of December 31, 2023, 52% of our top 50 clients by AUM worked with us in multiple investment strategies (i.e., private equity, infrastructure, real estate and absolute return strategies), compared to 50% as of December 31, 2022.

We had over 500 institutional clients as of December 31, 2023, which were broadly diversified by type, size, geography, and revenue. Our clients include some of the world's largest pension funds, sovereign wealth entities, corporations, financial institutions, and insurance corporations. Our individual investor base includes family offices and high-net-worth and mass affluent individuals.

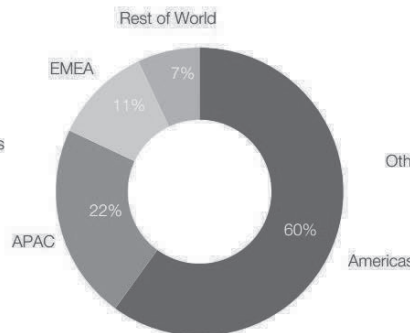
Our client base is **institutional and stable**

% of AUM



Our client base is **global**

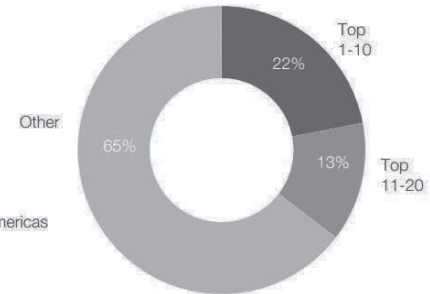
% of AUM



Our client base is **diversified**

% of management fees

No single client contributes more than **5%** of our management fees



Note: AUM as of December 31, 2023. Management fees for the twelve months ended December 31, 2023.

Over our history we have continued to expand our global footprint, which we believe provides us with the opportunity to in turn continue to benefit from the ongoing global growth of the alternative asset management industry. We operate in nine primary offices in eight countries, including our newest office in Sydney, Australia, which we opened in 2023. We serve clients from 34 countries and have deployed capital in over 100 countries across a wide range of investment strategies.



Note: As of December 31, 2023.

## Our History

Since the launch of our first multi-manager absolute return portfolio more than 52 years ago, we have specialized in creating and managing alternative investment portfolios on behalf of our clients. From 1971 to the mid-1990s, we provided specialized absolute return portfolios primarily to high-net-worth and family office investors. Beginning in the 1990s, we expanded our absolute return service offerings to serve institutions of all size and scale. Also starting in the early 1990s, we increased our emphasis on customized portfolios and broadened our offerings. As our assets grew and we strengthened our

relationships with managers, we sought to use our scale, experience and industry relationships to tailor investment mandates and negotiate for improved terms for our clients.

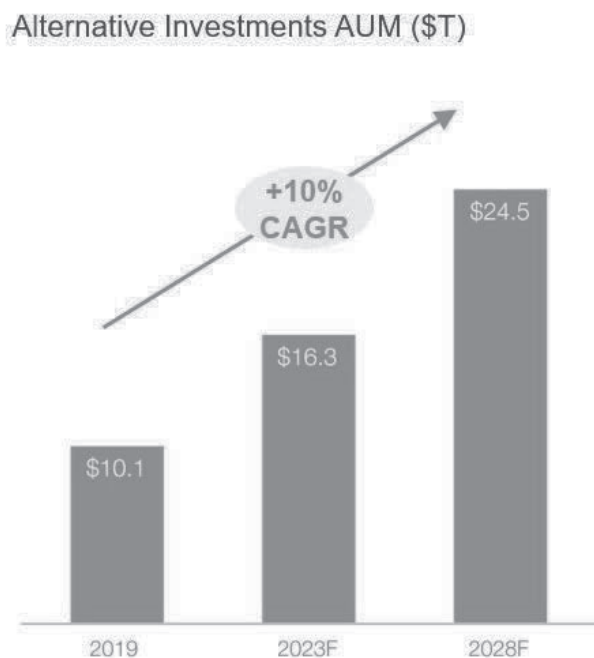
Over the years, we expanded our global presence through the opening of offices in Europe and Asia to support our growing client base.

In January 2014, we added complementary private markets capabilities through our acquisition of the Customized Fund Investment Group from Credit Suisse Group AG, which was established in 1999. The acquisition added private equity, infrastructure and real estate investment strategies to our business and has been a success both economically and culturally with a commitment to a “one firm” model that is collaborative across investment strategies.

Today, we continue to evolve and expand the ways in which we provide solutions to our global clients. In 2021, we opened new offices in Toronto, Canada and Frankfurt, Germany, and launched GCM Grosvenor Insurance Solutions in an effort to more effectively deliver our alternative investment solutions to the multi-trillion dollar insurance market. In 2022, we launched our Elevate strategy, which makes catalytic seed investments in small, emerging, and diverse investor entrepreneurs to help them build and scale their investment firms. In 2023, we further expanded our global footprint by opening an office in Sydney, Australia.

### Our Market Opportunity

The alternative asset management industry continues to see strong growth. According to *Preqin, Future of Alternatives 2028*, total alternative AUM is expected to grow from \$10.1 trillion in 2019 to \$24.5 trillion in 2028.



Several trends and developments have shaped the alternative investing industry and continue to serve as the primary drivers of our growth:

#### Growth in Institutional Wealth

Global institutional wealth has increased significantly in recent years and is expected to continue to grow. According to a 2023 report from PricewaterhouseCoopers (“PwC”), total global assets under management for the asset and wealth management market is expected to increase from \$115.1 trillion in 2022 to approximately \$147.3 trillion in 2027. Continued growth in the investable capital base of these investors is expected to continue to support growth in the alternative investment strategies. Despite volatility in the financial markets in 2022 and 2023, the longer-term trend remains.



## **Growth in Allocations to Alternative Investment Strategies**

Within the institutional client base, defined benefit pension schemes have found it difficult to achieve targeted returns to meet rising pension fund obligations within a framework of conventional asset allocations to equities and bonds. While this challenge in part originated in the low yield environment of the decade following the financial crisis of the late 2000s, market volatility stemming from rising inflation and interest rates has not lessened the need for alternative investment strategies. In response, pension fund allocations to alternative investment strategies have increased as a means to improve returns to meet these long-term obligations. Similarly, insurance investors have increased their appetite for risk assets, but credit quality and liquidity needs remain key priorities, providing an opportunity for strategies and structures that address those concerns.

Despite the recent and ongoing slowdown of the global economy, according to the H2 2023 Preqin Investor Outlook for Alternative Assets, more than 93% of surveyed institutional investors plan to maintain or increase their long-term target allocations to private equity and infrastructure. Based on the same survey, 76% of institutional investors plan to maintain or increase their long-term allocations to absolute return strategies. Those numbers are even higher for alternative credit.

There are also certain investors whose portfolios are relatively under-allocated to alternatives, such as insurance and individual investors. For example, individual investors, which we define as being comprised of high-net-worth, mass affluent and retail investors, continue to represent a significant market opportunity. Analysis by PwC anticipates that high-net-worth and mass affluent individuals will have approximately \$203 trillion of assets available for investment by 2025. Relative to institutional investors, individual investors are generally newer to investing in alternatives and consequently the products and structures offered to this group continue to evolve. The flexibility of our platform and breadth of our offerings consequently positions us well to capture a greater share of this significant market.

## **Importance of Investment Sourcing**

We believe investors will increasingly look to the scale, experience and platform of firms like us to identify high performing investments across a growing, competitive environment and across economic cycles.

Growth in the alternative asset management industry over the past two decades has created a fragmented, competitive environment. As the number of managers and transactions has increased, so has the importance of careful sourcing and due diligence, critical to generating strong performance.

In addition, a combination of growing inflation, tightening monetary and fiscal policy and elevated market volatility creates a backdrop for improving alpha generation and also potentially creates higher dispersion in performance. Consequently, our expertise in sourcing alpha generating investment opportunities will be paramount to continued return generation, which is rooted in the breadth and depth of our manager and industry relationships combined with our rigorous due diligence process.

## **Alternatives Are Now Increasingly a Portfolio Mainstay**

Alternative investment strategies have established a track record of strong returns and outperformance versus both the fixed income and public equity markets in the longer term. In addition to strong absolute and relative returns, alternative investments provide diversification, offer an inflation hedge, typically have low correlation to other asset classes and generate relatively stable income. As a result, we expect alternative investment strategies to continue to play an important role in institutional and, increasingly, individual investor portfolios in the future.

## **Increasing Focus on Sustainable and Impact Investing**

Sustainable investing is increasingly top of mind for many investors and we believe this growth will continue, including Impact investing. We have been consistently committed to helping our clients achieve their objectives by offering choice and designing solutions at their request and specific to our clients' varied goals, priorities and risk tolerances.

In addition, certain investors increasingly seek a data-driven approach to evaluating success and impact in these areas of investment. We believe we are currently ahead of the industry curve in our ability to flexibly integrate sustainable investment considerations according to the needs of our clients, and measure impact, which positions us well to win new business.

## **Data and Technology Are Important for Investors**

Investors increasingly demand greater analytics and transparency. As a result, investors are increasingly seeking to work with firms that not only have a proven track record of investing across multiple investment strategies but are also highly

sophisticated in their non-investment functions such as portfolio monitoring, reporting, accounting, legal and compliance, operations and data analysis.

Given our long history and the resulting depth and scale of our business, we believe we have one of the most comprehensive sets of data in the industry. In addition, our information advantage spans the breadth of private markets and absolute return investment strategies, which is essential in sourcing differentiated, high-quality investment opportunities. For example, as of December 31, 2023, we tracked data pertaining to more than 6,300 managers across our platform. Our extensive proprietary data and analytics capabilities drive our investment selection decisions, helping us generate competitive risk-adjusted returns, and our data infrastructure supports flexible and dynamic reporting capabilities.

## **Our Competitive Strengths**

### **We Offer the Full Breadth of Alternative Investment Strategies**

We are one of the few solutions providers globally with capabilities to invest across the full liquidity spectrum of alternative investment strategies (private markets, including private equity, infrastructure, real estate and alternative credit, and absolute return strategies) combined with flexibility of implementation methodologies (primary fund investments, secondaries, co-investments, seeding and direct investments). We believe this offers us a differentiated investment perspective, as we sit at the intersection of a tremendous amount of market intelligence and deal flow. We also are able to work with our clients in numerous ways, which we believe is an advantage as investors try to limit the number of asset manager relationships they maintain in favor of a smaller number of solutions providers who, like us, offer access to multiple investment strategies. As of December 31, 2023, 52% of our top 50 clients by AUM worked with us in multiple investment strategies.

### **We Are a Market Leader in Customized Alternative Investment Solutions**

The institutional investor community has increasingly embraced tailored investment programs that are different from the one-size-fits-all solution offered by specialized funds. We believe we were pioneers in customized separate accounts, having launched our first absolute return-focused customized separate account in 1996 and our first private markets separate account in 1999. In our customized programs we are deeply embedded with our clients and seek to form a highly collaborative partnership to enable clients to address specific interests, issues and needs. The partnership-centric nature of our private markets customized separate account relationships has resulted in long-tenure programs and high re-up rates of approximately 90% from January 1, 2018 through December 31, 2023. For closed-end programs, capital deployment is typically highly programmatic, meaning re-ups typically occur every few years. As of December 31, 2023, we had \$56.4 billion in AUM across our customized separate accounts for 152 clients across 258 customized portfolios.

### **We Use our Size, Scale and More Than 50-Year History to Drive a Strong Value Proposition**

Over 52-years of industry participation and leadership has afforded us with a vast network of relationships across the full spectrum of the alternatives landscape. Today, we seek to capture the benefits of these relationships, further amplified by our scale as a \$76.9 billion investor as of December 31, 2023, to our clients. Depending on the program, we offer our clients fee savings and preferential terms, access to hard to access managers, and proprietary deal flow. In addition, certain investment approaches including co-investing and investing in secondaries rely on the breadth of our firm network from a sourcing and intelligence standpoint.

### **Leader in Sustainable and Impact Investment Strategies**

As of December 31, 2023 we had \$26.3 billion of AUM in Sustainable Investments, and we believe that we were early adopters in offering clients choice around the integration of Sustainable or Impact objectives by designing, at their request, solutions that meet our clients' varied goals, priorities and risk tolerances.

Client interest in developing Impact programs within their alternative allocations is rapidly evolving, as clients are increasingly identifying specific Impact themes they want to address via their investment portfolios. These solutions require not only investment acumen, but also robust ancillary services, including, in particular, customized reporting on the relevant objectives. We believe we are uniquely positioned to capture the opportunity for "customized Impact solutions". We are extending the same flexibility that we have offered for decades to our customized separate account clients to Impact programs. A client can opt to invest through co-investments, secondaries, direct investments, or through funds or a combination of these implementation styles. We create highly targeted programs that are focused on only one theme and asset class or a broad Impact

program that cuts across multiple themes and asset classes. We are also leveraging our open architecture sourcing platform to broaden our funnel of Impact investments.

**\$26bn** Sustainable Investing AUM

Diverse Managers	Energy Transition / Climate	Essential Social Services	Workforce Standards / Labor Impact	Regionally Targeted / Inclusive Finance	Other Sustainable Investments
\$15.7 bn	\$6.4 bn	\$6.0 bn	\$2.3 bn	\$1.6 bn	\$0.7 bn

Note: Some investments are counted in more than one Sustainable investing category.

Given our size and scale, we believe we are uniquely placed to engage with stakeholders in our industry and beyond about Sustainability and Impact. Therefore, we are engaged in multiple partnerships with organizations committed to enhancing greater industry transparency and measurement of impact where appropriate for certain client programs.

### Strong Long-Term Performance Across Breadth of Alternative Investment Strategies

Generating competitive risk-adjusted returns is one of our core objectives. As shown below, for our realized and partially realized investments, we have outperformed the respective market benchmarks across all of our private markets strategies on an inception-to-date basis as of September 30, 2023. **Past performance is not indicative of future results.**

(\$ in millions, unless otherwise mentioned)

	Outperformance of PME by	PME Index	Annualized Returns Since Inception	Inception Date
<b>Private Equity</b>				
Primary Fund Investments <sup>(1)</sup>	3.2 %	S&P 500	13.7 %	2000
Secondaries Investments <sup>(2)</sup>	7.0 %	S&P 500	19.1 %	2014
Co-Investments/Direct Investments <sup>(3)</sup>	5.8 %	S&P 500	21.9 %	2009
<b>Infrastructure<sup>(4)</sup></b>	5.9 %	MSCI World Infrastructure	12.6 %	2006
<b>Real Estate<sup>(5)</sup></b>	4.8 %	FNERTR Index	16.8 %	2010
<b>Sustainable and Impact Investments</b>				
Diverse Managers <sup>(6)</sup>	8.3 %	S&P 500	22.9 %	2007
Infrastructure Advantage Strategy <sup>(7)</sup>	N/A	MSCI World Infrastructure	N/A	N/A

Note: Returns for each strategy are presented from the date the firm established a dedicated team focused on such strategy through September 30, 2023. Investment net returns are net of investment-related fees and expenses, including fees paid to underlying managers, but do not reflect management fees, performance fees, or carried interest to GCM Grosvenor or any expenses of any account or vehicle GCM Grosvenor manages. Data does not include investments that were transferred at the request of investors prior to liquidation and are no longer managed by GCM Grosvenor.

- (1) Reflects primary fund investments since 2000. Excludes certain private markets credit fund investments outside of private equity programs.
- (2) GCM Grosvenor established a dedicated private equity secondaries vertical in September 2014. Track record reflects all secondaries investments since the new vertical was formed.
- (3) GCM Grosvenor established a dedicated Private Equity Co-Investment Sub-Committee and adopted a more targeted, active co-investment strategy in December 2008. Track record reflects co-investments/direct investments made since 2009.
- (4) Reflects infrastructure investments since 2006. Infrastructure investments exclude Labor Impact Investments.

- (5) Reflects real estate investments since 2010. In 2010, GCM Grosvenor established a dedicated Real Estate team and adopted a more targeted, active real estate strategy.
- (6) Since 2007.
- (7) Does not yet have a meaningful amount of realized or partially realized investments.

	<b>Annualized Returns Since Inception - Period Ended December 31, 2023</b>	<b>Inception Date</b>
Absolute Return Strategies	6.8 %	1996
GCMLP Diversified Multi-Strategy Composite	7.7 %	1993

Note: Absolute Return Strategies (Overall) is since 1996. GCMLP Diversified Multi-Strategy Composite is since 1993.

For additional details on our investment performance and explanatory footnotes, please see “— Investment Performance”. In addition to our investment performance, we believe clients value our services and support in portfolio monitoring, reporting, accounting, legal and compliance, operations and data analysis functions.

### Strong and Scalable Business Model

The strength of our business model is derived from the following valuable attributes:

- *High management fee centrality.* For each of the years ended December 31, 2023 and 2022, net management fees were \$360.9 million and \$356.4 million, respectively, compared to \$15.6 million and \$13.9 million of net incentive fees attributable to GCM Grosvenor, respectively.
- *Stable management fee base.* Our management fee stability is rooted in the long-dated nature of our investment programs. As of December 31, 2023, more than \$31.2 billion of our AUM is in evergreen programs - \$22.4 billion in absolute return strategies and \$8.8 billion in private markets evergreen programs, defined as those with an open-ended structure or NAV target. In addition, as of December 31, 2023, \$37.3 billion of our AUM, or 69% of our AUM in private markets strategies, had a remaining tenor of seven years or more.
- *Significant visibility into future management fee growth.* We have experienced steady growth in the fee-paying AUM (“FPAUM”) that drives our management fees. As of December 31, 2023, we had \$61.7 billion in FPAUM plus approximately \$7.3 billion of contracted not yet fee-paying AUM, which will bolster FPAUM growth as we start charging management fees, under existing contracts, over the course of applicable commitments periods that extend for approximately the next three years.
- *Additional earnings power from incentive fees.* Though subject to more variability, including on account of factors out of our control, we believe our incentive fees have the opportunity to increase significantly in the future due to the amount of assets able to earn incentive fees and recent fundraising success. The incentive fees have greater variability between time periods. For example, as of December 31, 2023, the firm’s share of unrealized carried interest, which relates to cumulative performance for longer duration private markets programs, grew by 180% to \$373 million, as compared to December 31, 2020<sup>1</sup>. Run rate annual performance fees, which reflect the potential annual performance fees generated by performance fee-eligible AUM at an 8% gross return for both multi-strategy and credit strategies, and a 10% gross return for specialized opportunity strategies, were \$28.0 million as of December 31, 2023.
- *Embedded operating leverage.* Our business benefits from embedded operating leverage, which in turn drives scalability and margin expansion opportunity. Over the last decade, we have made significant investments in our platform infrastructure by building out our investment teams across investment strategies and geographies, which we believe positions us well for continued margin expansion. Our margin on Fee-Related Earnings increased to 38% for the year ended December 31, 2023 compared to 31% in 2020.

<sup>1</sup> For comparison purposes, presented as if the Mosaic repurchase occurred as of December 31, 2020.

## **Deep Bench of Talent and Strong Corporate Culture**

At our firm, we believe culture is one of our most important and defensible assets. We believe in setting the right tone at the top as it relates to compliance and carrying it throughout the organization. That investment in culture is reflected in the stability and inclusivity of our team as well as the fact that we do not operate on a star system and therefore are not beholden to any one individual. We aim to invest responsibly, operate our business with integrity, and build an inclusive workplace where our employees can thrive.

As of December 31, 2023, we had 538 employees, including 177 investment professionals, operating in nine offices throughout the United States and in Toronto, London, Frankfurt, Hong Kong, Seoul, Sydney and Tokyo. In addition to a competitive compensation structure, we promote a work environment that we believe is interesting and challenging, providing our employees the opportunity to grow professionally. As of December 31, 2023, our current, former employees and the firm had approximately \$655 million of their own capital (including through leveraged vehicles) invested into our various investment programs, which we believe aligns our interests with those of our clients.

We believe that diversity, equity, inclusion and belonging are at the heart of our ethos. As of December 31, 2023, 62% of our employees based in the U.S. self-identified as women or ethnically diverse, and of our U.S. senior professionals, 52% self-identified as women or ethnically diverse employees. We aim to work hard to maintain our focus and continuously improve our recruiting efforts in this area.

Finally, we have made significant investments in training, talent and technology so that we are serving our clients with the highest levels of integrity and professionalism. We have been a registered investment adviser since 1997 with a culture of compliance rooted in what we believe is a proper tone at the top.

## **Strategic Priorities**

### **Expand Relationships with Existing Clients**

We believe the best way to grow our business is by providing excellent partnership and results to our existing clients, because when they succeed, we succeed. Over the last three years 72% of our top 25 clients have expanded their investment relationship with us, and during 2023, over 82% of our gross capital inflows were derived from existing clients. Notably, capital from existing clients has pertained to both existing programs and new portfolios in different investment strategies, and cross-selling has been a driver of the firm's growth. As of December 31, 2023, 52% of our top 50 clients by AUM worked with us in multiple investment strategies (i.e., private equity, infrastructure, real estate, alternative credit and absolute return strategies), compared to 46% as of the end of 2020. We have a track record of successfully expanding our client relationships within or between investment strategies, and we believe a large portion of our future growth will come from existing clients through both renewals and expansion of client relationships into new strategies.

### **Expand Global Footprint and Client Base**

Since 1996, we have had a global client base with significant assets coming from outside the United States. We have continued to grow our global presence significantly by opening new offices internationally as well as expanding our non-U.S. client base. Our aim is to continue expanding our global presence through further direct investment in personnel, client relationships and increased investments with, and direct and co-investments alongside, established managers. We believe that the favorable industry trends for alternative asset managers are global in nature, with a number of international markets representing compelling opportunities for our investment strategies.

In 2021, we opened new offices in Toronto, Canada and Frankfurt, Germany, and in 2023, we further expanded our global footprint by opening an office in Sydney, Australia. While we believe the U.S. will continue to drive a significant amount of our fundraising, we have already seen momentum in non-U.S. markets; in 2023, 51% of capital was raised outside of the U.S.

### **Expand Distribution Channels**

We believe the growing demand for alternative assets provides an opportunity for us to attract new investors across a variety of distribution channels. As we continue to expand our product offerings and our global presence, we expect to be able to attract new investors to our funds. In addition to pension funds, sovereign wealth funds, corporate pension funds, multiemployer pension funds and financial institutions, which have historically comprised a significant portion of our AUM, in



recent periods we have extended our investment strategies and marketing efforts increasingly to insurance companies and to individual investors, which we believe remain under-allocated to alternative assets.

For example, in 2021 we created GCM Grosvenor Insurance Solutions to help deliver the breadth of the firm's alternative investment solutions to the insurance industry. We utilize a consultative approach to offer both structured and customized alternative asset management solutions that generate strong risk adjusted returns in a thoughtful and capital efficient format, aiming to increase return on equity and book value growth while mitigating balance sheet volatility. Globally, insurance capital with a risk profile suitable for investment in alternatives is between \$3.5 and \$4.0 trillion, representing a significant total addressable market.

### **Build New, Differentiated Offerings Across Investment Strategies**

While we pride ourselves on the breadth of our investment offering, which spans investment types and alternatives strategies, certain of our capabilities are uniquely differentiated relative to others in the market and, we believe, in turn offer us opportunity to gain a potentially outsized share in the total addressable market. A key to our past growth has been pursuing innovative investment strategies that complement our incumbent strengths, and over the past decade we have successfully launched a number of new investments strategies.

One example is the firm's Strategic Investments Group, which combines our broad deal sourcing platform with the flexibility to capture an evolving opportunity set across asset classes, liquidity profiles, capital structures and geographies. The team integrates this deal sourcing capability and flexible mandate with a seamless execution process that has allowed it to become one of the leading opportunistic investing platforms in the marketplace. Total AUM for our Strategic Investments Group is \$5.2 billion as of December 31, 2023.

In addition, in the fourth quarter of 2022, we launched the firm's Elevate strategy, which is a natural extension of the firm's 30+ years of experience investing with small, emerging and diverse managers.

We believe we can further leverage our existing platform strengths to expand into areas such as seeding the growing universe of emerging and diverse managers, value-add, core and core-plus real estate strategies, as well as infrastructure debt and project finance.

### **Capture Benefits of Embedded Operating Leverage While Investing Strategically in Growth**

Our business benefits from embedded operating leverage, which in turn drives scalability. Over the last decade we have made significant investments in our platform infrastructure by building out our investment teams across investment strategies and geographies, which we believe positions us well for continued margin expansion. Consequently, we are focused on balancing strategically investing in the business to drive growth with capturing the benefits of our embedded operating leverage to expand our margins.

## **Investment Strategies**

As described below, we provide our clients with access to a full range of alternatives strategies across both private markets and absolute return investment strategies, and diversified across liquidity profile, geographic regions and industries.

### **Private Markets**

We had \$54.5 billion in Private Markets AUM as of December 31, 2023. In private markets, clients generally commit to invest over a multi-year time period and have an expected duration of seven years or more. As of December 31, 2023, 52% of Private Markets AUM was in direct-oriented strategies (secondaries, co-investments, direct investments, and seed investments).

#### *Private Equity*

Private equity is our largest private markets investment strategy with \$29.4 billion in AUM as of December 31, 2023. We are a recognized industry leader in private equity investing with over 20 years of experience. Since our first private equity investment in 1999, we have gained deep experience across strategies, including leveraged buyouts, special situations, growth equity, and venture capital.

Our private equity investment philosophy is centered around middle market strategies, which we define as companies with total enterprise value less than \$1.5 billion at entry. This approach allows us to access investments where proprietary

sourcing, value-add capabilities and differentiated underwriting can lead to lower entry values and better risk return profiles. This is also an area of the market that is typically inefficient for institutional investors to access directly and where clients can leverage our extensive team and industry expertise to invest in a diversified portfolio, allowing us to add more value to our clients. We are a preferred capital partner for many hard-to-access funds and small and emerging managers and we maintain an active presence with advisory board seats on many of our middle market buyout fund investments. Our deep manager relationships help fuel our direct-oriented private equity strategies: co-investments and secondaries.

### *Infrastructure*

Infrastructure has been our fastest growing alternative investment strategy over the last three years, with AUM increasing by 132% to \$13.9 billion as of December 31, 2023 from December 31, 2020. Since our first infrastructure investment in 2003, we have grown into one of the leaders in alternative infrastructure investing across power, utilities, renewables, transportation and telecom/technology infrastructure. We have a specialized, global team of investment professionals who focus solely on infrastructure investments, providing us with a comprehensive view of the infrastructure landscape and enabling us to broadly source opportunities using the most effective means of implementation. We seek to drive value for our clients through broad access to primary fund investments, secondaries, co-investments, and direct investments.

We launched our first infrastructure customized separate account in 2007, and in 2009, we launched our first diversified infrastructure specialized fund. In 2018, we launched the firm's infrastructure advantage strategy, a direct impact strategy which seeks to originate and execute infrastructure projects that leverage the inclusion of organized labor as a contributing factor to enabling attractive risk adjusted returns.

### *Real Estate*

Our real estate AUM as of December 31, 2023 was \$6.1 billion, a 90% increase compared to December 31, 2020. Since our first real estate investment in 2002, our team has targeted value-add and opportunistic returns through equity and credit investments. An outgrowth of our open architecture approach across the firm, our real estate platform focuses on investing in and alongside early-stage real estate platforms. We invest in high quality assets at an advantageous all-in cost and with additional upside potential. We provide various forms of capital to these emerging real estate platforms, by acting as a strategic partner, by providing seed capital to the business or fund, by helping to satisfy GP funding requirements, or entering into joint ventures to capitalize deals or groups of deals.

Through this approach, our team has helped launch more than 40 real estate platforms or business lines for existing real estate platforms. The approach has provided access to differentiated deal flow, and due to the catalytic nature of the capital in addition to the returns of the physical assets we often also participate in revenue sharing alongside our partners to drive additional return.

### **Absolute Return Strategies**

Absolute return strategies are primarily defined by the liquidity of the underlying securities purchased, the length of the client commitment, and the form and timing of incentive fees. Generally, for absolute return strategies the securities tend to be more liquid, and incentive fees are earned on an annual basis pursuant to mark to market. We offer a broad range of tailored solutions across strategies (multi-strategy, opportunistic credit, macro, relative value, long/short equity and quantitative strategies) and managers. Our overall investment philosophy is to invest with leading managers to achieve attractive risk-adjusted returns with low volatility and low correlation to traditional investment strategies. Diversification, risk management and a focus on downside protection are key tenets of our approach. Through detailed fundamental analysis and due diligence, we aim to identify investment opportunities where intermediate or long-term value is obscured by attributes such as complexity, corporate events, technical dislocations, or market misunderstandings. We frequently provide efficient access to underlying managers through improved fee structures, negotiated favorable terms and targeted exposures. Our scale and reputation as a longstanding, value-added limited partner creates opportunities for us to gain access to managers that are "closed" and not otherwise accepting new capital. As of December 31, 2023, we had approximately \$22.4 billion AUM in our absolute return strategies.

### **Investment Strategies Across Asset Classes**

#### *Middle Market and Small, Emerging and Diverse Managers*

For the past 30 years we have developed a market-leading, dedicated effort to investing in and alongside middle market and small and emerging managers, which we believe adds significant, differentiated value to our clients. In addition, we have

invested with diverse managers for approximately 20 years, consistent with our firm's commitment to seeking the best possible risk-adjusted investment returns for our clients. We believe small, emerging and diverse managers present opportunity for better risk/return profiles, lower competition and differentiated underwriting.

We broadly define middle market investment activities as funds with AUM of generally less than \$3.0 billion in the United States, €2.0 billion in Europe or \$1.5 billion in Asia, small investment activities as funds with AUM of generally less than \$1.0 to \$2.0 billion and emerging market activities as managers that have launched three or fewer funds or have less than three years of investment activity. As of December 31, 2023, we had \$19.7 billion of AUM dedicated to small and emerging managers and \$15.7 billion of AUM dedicated to diverse managers across both private markets and absolute return strategies.

#### *Alternative Credit*

With over 30 years of investing experience, our credit investments span market cycles and the liquidity spectrum across structured credit, corporate credit, distressed, direct lending, and real asset credit. Our credit investment activities also significantly leverage the firm's broad alternatives platform, which provides us with differentiated deal flow and the flexibility to execute through primary fund investments, co-investments, secondaries, and direct transactions across the credit landscape. Our robust global platform also provides a wide range of opportunities, including niche opportunities and exclusive access to capacity-constrained investments. We implement credit strategies for our clients both as part of a customized separate account that includes solely credit investments or investing in credit alongside another investment strategy, and through dedicated credit-focused specialized funds. As of December 31, 2023, we managed \$13.2 billion of AUM in alternative credit strategies.

#### *Opportunistic Investing*

The firm's Strategic Investments Group combines our unparalleled deal sourcing platform with the flexibility to capture an evolving opportunity set across asset classes, liquidity profiles, capital structures and geographies. The team integrates this deal sourcing capability and flexible mandate with a seamless execution process that has allowed it to become one of the leading opportunistic investing platforms in the marketplace. Since its inception in 2015, total AUM for our Strategic Investments Group has grown to \$5.2 billion as of December 31, 2023.

#### *Sustainable and Impact Investments*

As of December 31, 2023, we managed \$26.3 billion of Sustainable Investing AUM. In addition, we have dedicated efforts in a number of Impact-related themes, including infrastructure investments where we believe partnering with organized labor enhances risk-adjusted returns, investing with firms owned by women or minority professionals, and other themes such as energy transition and regionally targeted programs. We believe that we were early adopters of offering clients choice around the integration of Sustainable and/or Impact factors into their portfolio construction. We have been committed to helping our clients achieve their Sustainable and/or Impact objectives by designing, at their request, solutions that meet our clients' varied goals, priorities, and risk tolerances. Classification as a Sustainable and/or Impact Investment is based on the assessment of each individual investment by GCM Grosvenor investment team members. There is subjectivity in placing an investment in a particular category, and conventions and methodologies used by GCM Grosvenor in categorizing investments and calculating the data presented may differ from those used by other investment managers.

### **Implementation Methodologies**

We provide our clients access to both private markets and absolute return investment strategies that are diversified across financing stages, geographic regions and industries. We implement such strategies by making investments in primary funds and investments in direct-oriented strategies, which encompass secondaries, co-investments, direct investments and seed investments. Direct-oriented strategies AUM has grown to represent 52% of total firm AUM as of December 31, 2023, compared to 39% as of December 31, 2020.

#### **Primary Fund Investments**

Primary fund investments are investments in funds, either at the time the funds are initially launched (for private markets strategies) or on an ongoing basis (for absolute return strategies). We apply the same rigorous analytical process to all primary investment opportunities for customized separate accounts and specialized funds. In most cases, managers seeking institutional capital actively market their funds to us due to our broad client base and market position. We regularly review and discuss investment opportunities with customized separate account clients, certain of which have discretion over final investment decisions.

At the time we commit capital to a fund on behalf of our specialized funds or customized separate accounts, investments the fund will make are generally not known and investors typically have very little or no ability to influence the investments that are made during the fund's investment period. Accordingly, an accurate assessment of the manager's capabilities is essential for investment success. A private markets primary fund usually has a contractual duration of between 10 and 15 years, with the capital deployed over a period of typically four to six years.

## **Secondaries**

Secondaries are typically investments in funds through secondary market purchases of existing fund interests from existing limited partners in those funds. Institutional investors utilize the secondary market for strategic portfolio rebalancing, rationalizing overlapping positions resulting from mergers and acquisitions or providing liquidity when facing cash constraints. The secondary market has grown dramatically in the last 20 years and today provides a reliable liquidity option for owners of fund interests as well as attractive buying opportunities for secondary investors.

Our approach to secondaries is differentiated as a result of our large primary fund investments business. We leverage our strong and deep relationships with managers to identify potential secondary opportunities and through these relationships, we have greater access to information, which enables us to act quickly when evaluating a potential secondary opportunity. In addition, our reputation as a longstanding, value-added limited partner with significant access to primary capital makes us an attractive buyer from the manager's perspective. Further, because we have capital available from our specialized funds and customized separate accounts, we have flexibility to invest in secondary transactions of various sizes on behalf of our clients.

For these reasons, we are often considered a preferred secondaries buyer, and are able to source transactions from managers on a proprietary basis.

Our global platform provides for deep market coverage, further helping us source proprietary transaction opportunities. We believe proprietary and advantaged deal flow has been a critical factor in our ability to purchase high quality assets at below market prices.

## **Co-investments**

Co-investment opportunities are investments made in partnership with private markets and absolute return asset managers and their funds. We source co-investment opportunities through our extensive origination and sourcing efforts described below. Our investment team analyzes and considers each opportunity for risk and return and selects those opportunities that best fit our portfolios' investment objectives. We seek diversification with regard to investment type, geography and with regard to our partners. Our co-investments are made in partnership with investment managers. The value proposition for managers to offer co-investments to us falls into three primary categories: (1) we can be a source of additional capital for deals that may otherwise be too large for managers seeking targeted diversification; (2) a co-investment can present an opportunity for a manager to further develop their relationship with us, one of the largest providers of capital to the alternative markets; and (3) we believe we are increasingly viewed as a strategic investor in some manner (e.g., geographic assistance, industry knowledge and brand reputation).

## **Direct Investments**

Direct investment opportunities are direct investments made on a standalone basis into operating businesses and operating assets. We source direct investment opportunities through our extensive origination and sourcing efforts described below. Our direct investments typically have a flexible mandate and can invest across asset classes, geographies, sectors and liquidity profiles.

## **Seed Investments**

GP Seeding refers to minority investments in the management companies of emerging asset managers (commonly defined as Funds I-III), commonly structured as either a revenue share or common equity interest. Seed capital is typically comprised of a combination of anchor LP capital, co-investment capital, and sometimes working capital, in exchange for which a seed investor receives a minority interest in a given asset manager. The duration and structure of seed deals are highly negotiated relative to the bespoke nature of each GP, but often range from initial management company participation interests of 10-25% in today's market. Unlike a typical anchor LP commitment, because seed investors participate at the management company level, they may participate in management fees and/or carried interest from current and future funds and any other cash flows that accrue to the management company.

Our differentiated approach to seed investing leverages our 30-year track record sourcing and investing in small, emerging and diverse managers. We are viewed as an investor of choice by new managers, positioning us well to source proprietary seed opportunities.

## **Investment Process and Monitoring**

The details of our investment process vary among our investment strategies and implementation methodologies, but the flowchart and descriptions below generally outline the key steps of the investment process for primary fund investments, secondaries, and co-investments. This process is followed for each potential investment regardless of size, stage, strategy, or geography.

### **Sourcing of Opportunities**

All of our investment strategies benefit from our scale (\$76.9 billion in AUM as of December 31, 2023), our extensive track record (over 52 years of experience), our culture of compliance and the depth of our investment team (177 investment professionals). We believe that one of our competitive advantages is our comprehensive and robust sourcing and investment process. Our deal flow is sourced through multiple channels and reviewed through a rigorous, multi-step selection process that includes independent investment and operational due diligence.

We maintain a robust pipeline of primary fund investments, secondaries, direct and co-investments. Our ability to source, select and access top-tier opportunities reflects the rigorous processes executed by our large, experienced teams.

Our sourcing system relies on the following channels:

*Existing manager relationships.* We maintain strong relationships with many of the premier and most difficult-to-access managers across the alternative sector and seek to leverage those relationships to the benefit of our clients. Our relationships with a large pool of high-quality managers and management teams serve as a source of investment opportunities including secondaries and co-investments. We have experience and access across the spectrum of market and manager size. As of December 31, 2023, we tracked over 6,300 managers in our database.

*Proactive sourcing log.* Our proprietary deal flow log monitors funds coming to market. Based on information obtained through our large network, non-affiliated firms, intermediaries, attendance at industry conferences and industry publications, we compile robust contact lists to communicate with managers who may have funds coming to market. We believe our proactive sourcing enables us to get a head start on the identification and evaluation of investment opportunities.

*Global offices.* With multiple investment offices located in the U.S., Europe and Asia, we maintain a global footprint and perspective, allowing us to source idiosyncratic deal flow from local markets. Our on-the-ground investment professionals in nine offices globally assist with sourcing, evaluating and monitoring opportunities in their respective regions. Our regional offices also allow us to build relationships with local stakeholders. For example, we rely on our team's regional expertise to evaluate emerging managers that could be overlooked by other investors and make commitments to high quality investments nationwide.

*In-bound opportunities.* We are an investor and partner of choice for many managers. We frequently receive placement memoranda in-bounds from prospective managers due to our reputation in the market as a value-add investor. Receipt of materials directly from managers is particularly relevant with respect to spin-outs and new funds as well as for secondary transactions and co-investments.

### **Initial Evaluation**

Once an opportunity is identified, we assign a team of both senior and junior investment professionals to conduct investment due diligence and ongoing monitoring. Based on the team's assessment of key materials and the initial meeting/call, we evaluate the investment merits and the suitability of the investment for our portfolios.

### **Preliminary Due Diligence**

The team performs preliminary due diligence on a proposed investment to more thoroughly analyze the key risks and merits identified during initial evaluation. The team also conducts informal reference checks with potential fund investors and/or co-investors.



## Comprehensive Due Diligence

Comprehensive investment due diligence on a primary fund or secondary investment involves one or more site visits to a potential manager's office(s). Key areas of our evaluation include performance evaluation, investment strategy, portfolio revaluation, management team assessment and detailed reference checks. We usually execute co-investments alongside trusted managers in whose funds we have invested before. Therefore, managers have typically been subject to the due diligence evaluations listed above prior to the evaluation of a co-investment opportunity. For direct investments, only the most attractive investments move to more intensive due diligence, which typically involves meetings with management, company facility visits, discussions with industry analysts and consultants and an in-depth examination of financial results and projections. This approach, along with our depth of resources, allows us to complete comprehensive due diligence within the often shortened timeframe typically requested by sponsors due to deal timing constraints.

## Operational Due Diligence

Operational due diligence is performed by our Operational Due Diligence Team, which is comprised of members of our Legal and Finance Departments. The team is responsible for operational due diligence efforts across alternative investments. The goals of operational due diligence process are to:

- Evaluate risk: Determine whether an investment meets our operational due diligence standards;
- Mitigate risk<sup>(2)</sup>: Seek to avoid losses and reputational risks arising from operational issues;
- Structure investments: Evaluate the legal and governance structure and terms of investment; and
- Enhance terms: Negotiate improved terms.

In seeking to achieve these goals, the team performs three main assessments: (i) third-party conducted background investigations, (ii) operational capabilities and internal controls review and (iii) legal and structuring review. The nature and extent of operational due diligence procedures performed varies depending on the structure of the investment and negotiation.

## Committee Approvals

Upon completion of comprehensive due diligence, prospective investments are submitted for approval to the relevant investment committee. Members of the investment committee receive a memorandum prior to the team's presentation. Following a presentation by the team, members of the investment committee discuss the pros and cons of the investment recommendation. An investment must be approved by a majority vote of the investment committee.

For operational due diligence, the operational due diligence team prepares an information packet, which details its findings. The team presents the investment to the operations committee for approval. Our operations committee reviews investment opportunities independently from the investments team and provides approval as part of their standard review process.

## Monitoring

While careful investment selection is crucial, once an investment is made, monitoring and on-going involvement is critical to maintaining appropriate oversight controls and achieving our objectives. To this end, monitoring is an integral part of our investment process. We employ a hands-on approach to monitoring investments from an investment and operational perspective.

*Investment monitoring.* Senior members of the team assigned to an investment remain actively involved and closely monitor each investment through its exit. Such monitoring involves in-depth qualitative and quantitative reviews of the investment on a regular basis.

*Operational monitoring.* The Operational Due Diligence Team also employs a comprehensive operational monitoring program, which is separate and distinct from the investment team's investment monitoring program. The goal of our operational monitoring program is to monitor and manage, on an ongoing basis, operational risks associated with the investments on which they provided initial operational due diligence. We seek to identify "change events" that cause us to re-underwrite portions of our due diligence and re-evaluate the investment.

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<sup>(2)</sup> Risk management, diversification and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk.

## Investment Performance

The following tables present information relating to the performance of all the investments made by GCM Grosvenor (except as mentioned otherwise in more detail below) across both the private markets and absolute return strategies. The data for these investments is presented from the date indicated through September 30, 2023 for private markets strategies and through December 31, 2023 for absolute return strategies and have not been adjusted to reflect acquisitions or disposals of investments subsequent to that date.

When considering the data presented below, you should note that the historical results of our discretionary investments are not indicative of the future results you should expect from such investments, from any future investment funds we may raise or from any investment in our Class A common stock or warrants, in part because:

- market conditions and investment opportunities during previous periods may have been significantly more favorable for generating positive performance than those we may experience in the future;
- the performance of our investment programs is generally calculated on the basis of net asset value of the funds' investments, including unrealized gains, which may never be realized;
- our historical returns derive largely from the performance of our earlier investment programs, whereas future returns will depend increasingly on the performance of our newer investment programs or investment programs not yet formed;
- our newly established investment programs may generate lower returns during the period that they take to deploy their capital;
- in recent years, there has been increased competition for investment opportunities resulting from the increased amount of capital invested in alternative investment strategies and high liquidity in debt markets, and the increased competition for investments may reduce our returns in the future;
- the current sustained inflationary environment and rising interest rates may impact the ability to generate returns for a given investment; and
- the performance of particular investment programs also will be affected by risks of the industries and businesses in which they invest.

For purposes of the following tables:

- "Commitments" are the sum of total commitments and investments made by our portfolios to underlying investments of a particular strategy;
- "Contributions" are the sum of total amount of capital invested by our portfolios in underlying investments of a particular strategy, plus capitalized expenses paid in respect of such investments;
- "Current Value" and "Net Asset Value" of a strategy represent the latest aggregate fair value of the underlying investments in such strategy made by our portfolios, which is typically reported by the underlying investment managers of such investments. No assurance can be given as to the value that may ultimately be realized by any investment;
- "Distributions" are the sum of recallable and non-recallable returns of capital, interest, gains and dividend proceeds to our portfolios received from underlying investments. Distributions may include in-kind distributions at the value reported by the managers, if applicable;
- "Investment Net IRR" represents the net internal rate of return of our portfolios' investments in the relevant strategy and reflects the total combined IRR for underlying investments that have been invested in by our portfolios in the relevant strategy. It is calculated using all the outflows to and inflows from the underlying investments, including cash flows for expenses and fees paid by our portfolios to those underlying investments. Performance information for underlying investments with less than 365 days of cash flows has not been annualized. Performance information for underlying investments and underlying investment sub-totals with more than 365 days of cash flows has been calculated using an annualized IRR. Investment Net IRR is not reduced for

our management fees, allocable expenses and carried interest, but does reflect such reductions, if any, at the underlying investment level;

- “Investment Net TVPI” represents the total value paid-in multiple of our portfolios’ investments in the relevant strategy, and is calculated as adjusted value (i.e., Distributions + Net Asset Value) over total Contributions (i.e., investments, expenses, management fees, organization costs). Investment Net TVPI is not reduced for our management fees, allocable expenses and carried interest, but does reflect such reductions, if any, at the underlying investment level;
- “PMEs” are the S&P 500, the MSCI World Infrastructure, and the FTSE Nareit All REITS indices we present for comparison calculated on a Public Market Equivalent basis. We believe these indices are commonly used by private markets investors to evaluate performance. We use the Long Nickels PME calculation methodology, which allows private markets investment performance to be evaluated against a public index and assumes that capital is being invested in, or withdrawn from, the index on the days the capital was called and distributed from the underlying private market investments. The S&P 500 Index is a total return capitalization-weighted index that measures the performance of 500 U.S. large cap stocks. The MSCI World Index is a free float-adjusted market capitalization-weighted index of over 1,600 world stocks that is designed to measure the equity market performance of developed markets. The FTSE Nareit All REITs Index contains all publicly traded US real estate investment trusts (REITs); and
- The “Composite” represents discretionary, globally diversified, multi-strategy, multi-manager investment portfolios (“Composite Funds”) whose capital is allocated to underlying investment managers that utilize a broad range of alternative investment strategies, including credit, relative value, multi-strategy, event driven, equities, macro, commodities and portfolio hedges. All Composite Funds included in the Composite are denominated in U.S. dollars. In general, the Composite Funds seek to achieve superior long-term, risk-adjusted rates of return with low volatility and low levels of correlation to the broad equity and fixed income markets.

## Historical Performance of Private Market Strategies

### Realized and Partially Realized Investments As of September 30, 2023

(\$ in millions, unless otherwise mentioned)

Strategy	Commitments	Contributions	Distributions	Current Value	Investment Net TVPI	Investment Net IRR	PME	PME Index
<b>Private Equity</b>								
Primary Fund Investments <sup>(1)</sup>	\$ 13,396	\$ 14,652	\$ 24,167	\$ 2,742	1.84	13.7 %	10.5 %	S&P 500
Secondary Investments <sup>(2)</sup>	\$ 554	\$ 485	\$ 630	\$ 195	1.70	19.1 %	12.1 %	S&P 500
Co-Investments/Direct Investments <sup>(3)</sup>	\$ 3,403	\$ 3,255	\$ 5,517	\$ 1,245	2.08	21.9 %	16.1 %	S&P 500
<b>Infrastructure<sup>(4)</sup></b>	\$ 3,062	\$ 3,097	\$ 4,084	\$ 1,300	1.74	12.6 %	6.7 %	MSCI World Infrastructure
<b>Real Estate<sup>(5)</sup></b>	\$ 639	\$ 658	\$ 920	\$ 47	1.47	16.8 %	12.0 %	FNERT Index
<b>Sustainable and Impact Investments</b>								
Diverse Managers <sup>(6)</sup>	\$ 2,454	\$ 2,599	\$ 3,685	\$ 1,800	2.11	22.9 %	14.6 %	S&P 500
Infrastructure Advantage Strategy <sup>(7)</sup>	—	—	—	—	N/A	N/A	N/A	MSCI World Infrastructure

Note: Returns for each strategy are presented from the date the firm established a dedicated team focused on such strategy through September 30, 2023. Investment net returns are net of investment-related fees and expenses, including fees paid to underlying managers, but do not reflect management fees, performance fees, or carried interest to GCM Grosvenor or any expenses of any account or vehicle GCM Grosvenor manages. Data does not include investments that were transferred at the request of investors prior to liquidation and are no longer managed by GCM Grosvenor.

*Past performance is not necessarily indicative of future results.*

## All Investments As of September 30, 2023

(\$ in millions, unless otherwise mentioned)

Strategy	Commitments	Contributions	Distributions	Current Value	Investment Net TVPI	Investment Net IRR	PME	PME Index
<b>Private Equity</b>								
Primary Fund Investments <sup>(1)</sup>	\$ 24,392	\$ 22,956	\$ 27,370	\$ 10,253	1.64	12.7 %	10.6 %	S&P 500
Secondary Investments <sup>(2)</sup>	\$ 1,970	\$ 1,783	\$ 958	\$ 1,645	1.46	16.9 %	10.5 %	S&P 500
Co-Investments/Direct Investments <sup>(3)</sup>	\$ 7,932	\$ 7,523	\$ 5,783	\$ 6,966	1.69	18.2 %	13.0 %	S&P 500
<b>Infrastructure<sup>(4)</sup></b>	\$ 9,684	\$ 8,235	\$ 5,140	\$ 6,129	1.37	9.9 %	3.8 %	MSCI World Infrastructure
<b>Real Estate<sup>(5)</sup></b>	\$ 4,431	\$ 3,278	\$ 1,707	\$ 2,152	1.18	9.0 %	1.4 %	FNERT Index
<b>Multi-Asset Class Programs</b>	\$ 3,228	\$ 3,217	\$ 1,873	\$ 2,349	1.31x	15.7 %	N/A	N/A
<b>Sustainable and Impact Investments</b>								
Diverse Managers <sup>(6)</sup>	\$ 11,163	\$ 9,192	\$ 5,319	\$ 9,481	1.61	18.3 %	11.5 %	S&P 500
Infrastructure Advantage Strategy	\$ 891	\$ 771	\$ 23	\$ 997	1.32	14.6 %	-2.3 %	MSCI World Infrastructure

Note: Returns for each strategy are presented from the date the firm established a dedicated team focused on such strategy through September 30, 2023. Investment net returns are net of investment-related fees and expenses, including fees paid to underlying managers, but do not reflect management fees, performance fees, or carried interest to GCM Grosvenor or any expenses of any account or vehicle GCM Grosvenor manages. Data does not include investments that were transferred at the request of investors prior to liquidation and are no longer managed by GCM Grosvenor.

*Past performance is not necessarily indicative of future results.*

- (1) Reflects primary fund investments since 2000. Excludes certain private markets credit fund investments outside of private equity programs.
- (2) GCM Grosvenor established a dedicated private equity secondaries vertical in September 2014. Track record reflects all secondaries investments since the new vertical was formed.
- (3) GCM Grosvenor established a dedicated Private Equity Co-Investment Sub-Committee and adopted a more targeted, active co-investment strategy in December 2008. Track record reflects co-investments/direct investments made since 2009.
- (4) Reflects infrastructure investments since 2006. Infrastructure investments exclude Labor Impact Investments.
- (5) Reflects real estate investments since 2010. In 2010, GCM Grosvenor established a dedicated Real Estate team and adopted a more targeted, active real estate strategy.
- (6) Since 2007.
- (7) Does not yet have a meaningful amount of realized or partially realized investments.

## Historical Performance of Absolute Return Strategies

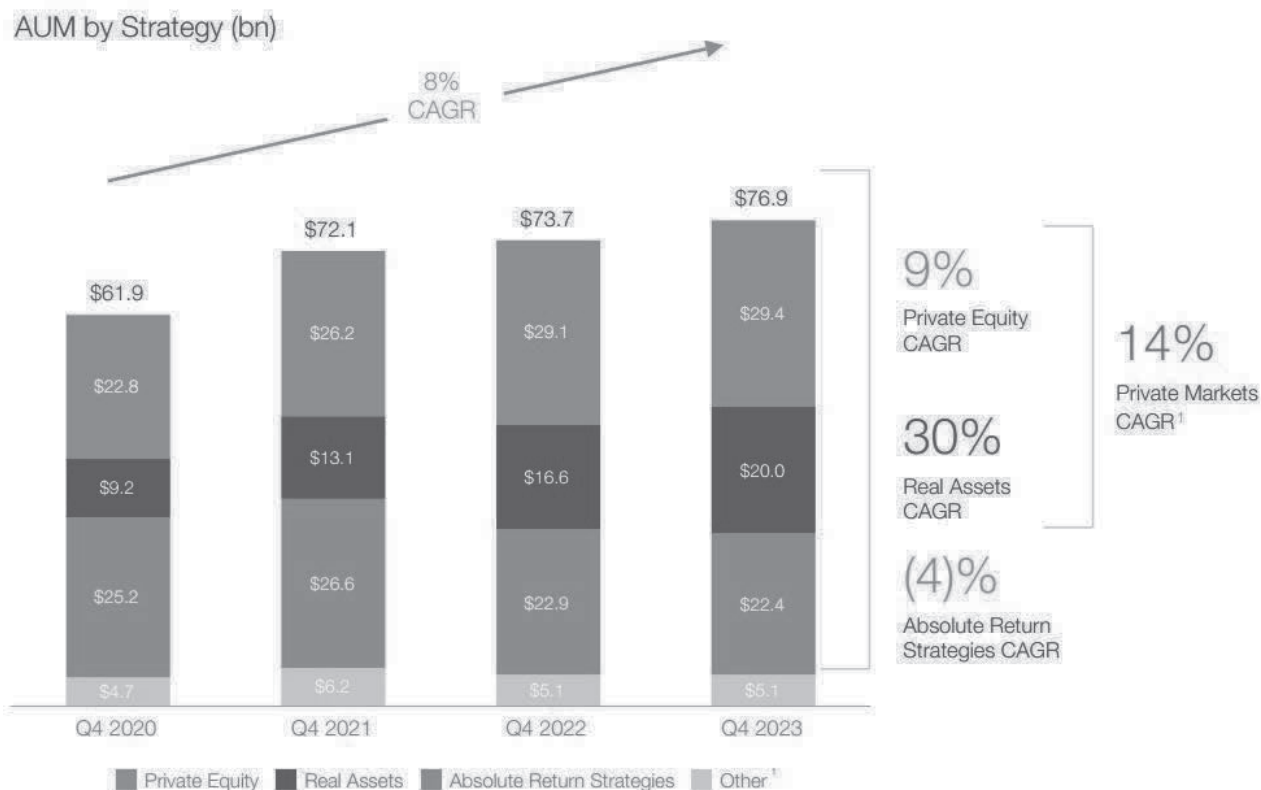
	Assets Under Management as of December 31, 2023 (\$Bn)	Annualized Returns Periods Ended December 31, 2023							
		One Year		Three Year		Five Year		Since Inception	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
Absolute Return Strategies (Overall)	\$ 22.4	8.0 %	7.3 %	2.9 %	2.2 %	5.8 %	5.1 %	6.8 %	5.7 %
GCMLP Diversified Multi-Strategy Composite	\$ 10.8	8.9 %	8.1 %	3.1 %	2.4 %	6.3 %	5.5 %	7.7 %	6.4 %

Note: Absolute Return Strategies (Overall) is since 1996. GCMLP Diversified Multi-Strategy Composite is since 1993.

*Past performance is not necessarily indicative of future results.*

## Assets Under Management

The following chart summarizes the growth in our FPAUM and Contracted, not yet fee-paying AUM and the breakdown between private markets and absolute return strategies (\$ billion).



<sup>1</sup> Other includes alternative credit and opportunistic strategies and is included in private markets CAGR.

### Fee-Paying AUM

FPAUM is a metric we use to measure the assets from which we earn management fees. Our FPAUM comprises the assets in our customized separate accounts and specialized funds from which we derive management fees. We classify customized separate account revenue as management fees if the client is charged an asset-based fee, which includes the vast majority of our discretionary AUM accounts. The FPAUM for our private market strategies typically represents committed, invested or scheduled capital during the investment period and invested capital following the expiration or termination of the investment period. Substantially all of our private markets strategies funds earn fees based on commitments or net invested capital, which are not affected by market appreciation or depreciation. Our FPAUM for our absolute return strategy is based on net asset value.

Our calculations of FPAUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of FPAUM is not based on any definition that is set forth in the agreements governing the customized separate accounts or specialized funds that we manage.

As of December 31, 2023, our FPAUM was \$61.7 billion compared to \$76.9 billion in AUM. The difference between AUM and FPAUM is primarily due to approximately \$7.3 billion of contracted capital on which we expect to start charging management fees, under existing contracts, over the course of approximately the next three years as capital is invested or based on an agreed upon fee ramp in schedule. We expect that this additional \$7.3 billion of capital will bolster our FPAUM growth over the next several years. Mark-to-market changes in AUM for funds that charge on commitments is another key difference between our AUM and our FPAUM.

Our overall FPAUM has grown from \$48.9 billion at the end of 2018 to \$61.7 billion as of December 31, 2023, representing a total CAGR of 5%, including a CAGR of 10% for FPAUM for our private markets strategy during the same period.

### Contracted Not Yet Fee-Paying AUM

Contracted not yet fee-paying AUM (“CNYFPAUM”) represents limited partner commitments which are expected to be invested and begin charging fees over the ensuing five years. As of December 31, 2023, our CNYFPAUM was near an all-time high of \$7.3 billion, up from \$2.3 billion at the end of 2018. Of the \$7.3 billion, approximately \$2.7 billion is subject to an agreed upon fee ramp in schedule that will result in management fees being charged on approximately \$0.9 billion of such amount in 2024, approximately \$0.7 billion of such amount in 2025, and the remaining approximately \$1.1 billion in 2026 and beyond. With respect to approximately \$4.6 billion of the \$7.3 billion, management fees will be charged as such capital is invested, which will depend on a number of factors, including the availability of eligible investment opportunities. We expect the majority of this capital will turn into FPAUM over the course of approximately the next three years and help drive significant growth from funds already under contract. It is also a strong indication of the momentum with our clients and in our business today, which we anticipate to continue into the future.

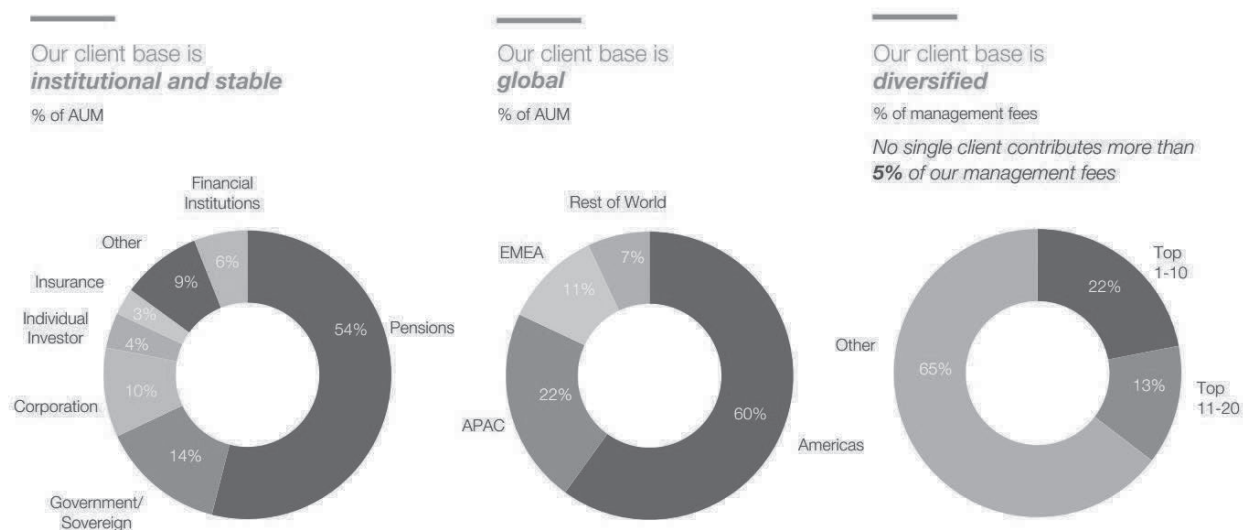
### Other Components of AUM

Other components of AUM include mark-to-market changes in AUM for funds that charge management fees based on commitments (generally in private markets strategies), insider capital and non-fee-paying AUM. Mark-to-market changes in private markets strategies funds increases total AUM but does not increase FPAUM. Finally, certain current and former employees and related parties invest on a non-fee-paying basis in GCM Funds, and therefore are not included in FPAUM.

### Our Clients

We believe the value proposition we offer and our philosophy that we do well when our clients do well has resulted in strong relationships with our clients. Our client base primarily comprises institutional investors that range from those seeking to make an initial investment in alternative assets to some of the largest and most sophisticated private markets investors. As a highly customized, flexible outsourcing partner, we are equipped to provide investment services to institutional clients of all sizes and with different needs, internal resources and investment objectives. Our clients include prominent institutional investors globally including in the United States, Europe, the Middle East, Asia, Australia and Latin America. As of December 31, 2023, approximately 40% of our AUM came from clients based outside of the Americas, reflecting the strength and breadth of our relationships within the global investor community.

The following charts illustrate the diversification of our client base:



Note: AUM as of December 31, 2023. Management fees for the twelve months ended December 31, 2023.



We believe the stability of our client base reflects the strength of the long-term client relationships we have developed. Further, these relationships help to explain why clients entrust us with their capital for extended periods of time.

## **Our Team**

As of December 31, 2023 we had 538 employees, including 177 investment professionals, operating in nine offices throughout the United States and in Toronto, London, Frankfurt, Hong Kong, Seoul, Sydney and Tokyo.

### **Investments Team**

As of December 31, 2023 our investments team consisted of 177 employees. Each of our investment strategies is led by its own leadership team of highly accomplished investment professionals. While primarily focused on managing strategies within their own investment group, these senior professionals are integrated within our platform through economic, cultural and structural measures. In addition, our investments team members include professionals dedicated to risk management and operational due diligence, two key components of our investment evaluation and portfolio management processes.

### **Client Group**

As of December 31, 2023, our business development, marketing and client service teams consisted of 62 employees. Each member of our business development team is assigned a territory, either domestic or international, or client type. Our business development professionals are responsible for relationship management with existing clients and consultants in addition to actively pursuing new business with prospective clients, depending on the territory they are assigned. In addition, each member of the business development team is supported by one or more members of the relationship management support team who help manage ongoing client service and support sales efforts.

We evaluate our business development, marketing and client service teams based on a number of factors, including new business won, size of existing book of business, quality of marketing materials generated, timeliness of responses to client inquiries, and their overall activity, measured by the volume of outreach and the progress converting initial outreach to various stages in the sales process. We evaluate the performance of our business development professionals by using data-driven technology systems like Salesforce.

### **Operations**

As of December 31, 2023, our operations team consisted of 291 professionals across multiple offices who perform critical functions in support of our corporate, client and investment activities. We have created a strong, institutional-quality internal control environment and are committed to maintaining a robust culture of compliance.

The operations team includes experienced professionals focused on fund finance, investment operations, corporate finance, compliance, legal, information technology, human resources, strategy and corporate development and other support functions. These teams are structured to serve the entirety of our business across the full range of investments strategies and implementation methodologies we offer. We seek to serve as an extension of staff for many our clients and consequently our operations team plays a key function in the servicing of our client relationships.

## **Fees and Other Key Contractual Terms**

Fees vary based on investment strategy, implementation methodology and the size and scope of the client relationship.

### **Private Markets Strategies**

Fees for private markets strategies vary by structure and strategy.

The majority of private markets programs are closed end structures, and typically fees consist of a management fee rate plus carried interest.

The management fee rate for closed-end structures typically differs by the type of strategy and the type of investment. Management fee rates for primary fund investments are typically about half of those charged for secondary funds and co-investments. Direct investments are typically a further premium to co-investments. The management fee rate also depends on the total fee-paying assets of a given client.

The management fee base for a given program can be based on committed capital, invested capital or a ramp-in /ramp-down schedule based on a percent of total committed capital. Programs may employ one or more of these methodologies.

Carried interest is charged for certain of our private markets programs and varies depending on the implementation methodology. Carried interest is typically charged for secondary, co-investments and direct investments. Receipt of carry is typically subject to an 8% preferred return and 100% catch-up.

We recognize carried interest when it is probable that a significant reversal will not occur and record such amounts as incentive fees. In the event that a payment is made before it can be recognized as revenue, this amount would be included as deferred revenue on our consolidated statements of financial condition and recognized as income in accordance with our revenue recognition policy. The primary contingency regarding incentive fees is the “clawback,” or the obligation to return distributions in excess of the amount prescribed by the applicable fund or separate account documents.

### **Absolute Return Strategies**

Fees for absolute return strategies are typically charged based on net asset value, which represents the aggregate fair value of the underlying investments in such strategies made by our portfolios (which is typically reported by the underlying investment managers of such investments). Specialized funds either have a set fee for the entire fund or a fee scale through which clients with larger commitments pay a lower fee.

Fees may be either fixed or include both a fixed and a performance fee. For a typical fixed and performance fee structure, the management fee typically is at a discount to the fixed-only fee scale, with the addition of a performance fee, which is a percentage of capital appreciation or profits. Earning the performance fee may be subject to a hurdle, a high watermark and/or a preferred return. The hurdle or preferred return may be a fixed percentage or a spread above a particular benchmark return, although in the case of a spread-based structure, it is typical that the hurdle rate or preferred return is capped at a certain amount.

Similar to private markets, for large relationships, we may adjust the fixed fee component and/or performance fee component based on an analysis of the total economics of the relationship.

### **Expenses**

In addition to fees, both our absolute return and private markets programs also typically bear reasonable expenses incurred in connection with their organization. The programs would also bear their operational costs, including the firm’s out-of-pocket expenses associated with identifying, making and monitoring investments, as well as costs associated with legal, audit, tax reporting, accounting, insurance, technology, administration (whether performed in-house or by a third-party administrator), and our oversight of services performed by a third-party administrator.

### **Competition**

While we compete in various aspects of our business with a large number of asset management firms, commercial banks, broker-dealers, insurance companies and other financial institutions, we believe there are few firms that we compete with in all areas of our business. With respect to our specialized funds, we primarily compete with the private and absolute return investment businesses of a number of large international financial institutions and established local and regional competitors based in the United States, Europe and Asia, including managers offering funds-of-funds, secondary funds and co-investment funds in the alternative investment strategies. Our principal competition for customized separate accounts is mostly other highly specialized and independent alternative asset management firms. We compete primarily in the advisory services area of the business with firms that are regionally based and with a select number of large consulting firms for whom alternative investments is only one, often small, portion of their overall business.

In order to grow our business, we must maintain our existing client base and attract additional clients in customized separate account and specialized fund areas of the business. Historically, we have competed principally on the basis of the factors listed below:

- global access to private markets investment opportunities through our size, scale, reputation and strong relationships with fund managers;
- brand recognition and reputation within the investing community;
- performance of investment strategies;

- quality of service and duration of client relationships;
- data and analytics capabilities;
- ability to customize product offerings to client specifications;
- transparent organizational structure;
- ability to provide a cost effective and comprehensive range of services and products; and
- clients' perceptions of our independence and the alignment of our interests with theirs created through our investment in our own products.

The asset management business is intensely competitive, and in addition to the above factors, our ability to continue to compete effectively will depend upon our ability to attract highly qualified investment professionals and retain existing employees.

### **Intellectual Property**

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are owned by us or licensed by us. We also own or have the rights to copyrights that protect the content of our solutions. We believe that the "GCM Grosvenor" trade name, logo and website are material to our operations.

### **Legal and Compliance**

Our general counsel oversees our legal team, which is comprised of attorneys located primarily in our corporate headquarters in Chicago, Illinois. Our legal team is responsible for our corporate matters and proprietary transactions, as well as issues related to employment, litigation and U.S. and non-U.S. regulation. It is also responsible for legal and structuring issues associated with investments in private equity, infrastructure, real estate, alternative credit and absolute return strategies, as well as structuring and negotiating documents relating to our specialized funds and our customized separate accounts, including any client-related legal matters related thereto. We utilize the services of outside counsel as we deem necessary.

Our compliance team is led by our global chief compliance officer. The compliance team is responsible for ensuring we maintain a robust compliance program that ensures we comply with the various federal, state, and international regulations applicable to our business. Our compliance team works closely with our legal team to ensure our policies, processes, and disclosures are in line with those ever evolving rules, and regulations, and industry practices. In addition, our compliance team is responsible for regulatory matters relating to GRV Securities, LLC ("GRV Securities"), a U.S. Securities and Exchange Commission ("SEC") registered and FINRA member broker-dealer affiliate. GRV Securities is subject to the requirements and regulations as an SEC-registered broker-dealer and a member firm of FINRA that cover multiple aspects of its business, including licensing, registration, sales practices, recordkeeping and the conduct of directors, officers and employees.

### **Regulatory Environment**

We are subject to extensive regulation by governmental and self-regulatory organizations in the jurisdictions in which we operate around the world, primarily at the federal level in the United States. Since October 17, 1997, we have been registered with the SEC as an investment adviser under the Advisers Act. In addition, among other rules and regulations, we are subject to regulation by the Department of Labor under the U.S. Employee Retirement Income Security Act of 1974 ("ERISA"). As a registered commodity pool operator and a registered commodity trading advisor, we are subject to regulation and oversight by the Commodity Futures Trading Commission ("CFTC"). We are also subject to regulation and oversight by the National Futures Association ("NFA") in the U.S., as well as other regulatory bodies. By virtue of certain of our activities, we are subject to the reporting provisions of the Exchange Act. Compliance failures and material changes in law or regulation could adversely affect us.

#### ***SEC and FINRA Regulation***

As a registered adviser, we are subject to the requirements of the Advisers Act and the SEC's regulations thereunder, as well as to examination by the SEC's staff. The Advisers Act is designed to protect investment advisory clients and, consequently, imposes substantive regulation on most aspects of our advisory business and our relationship with our clients. Applicable requirements relate to, among other things, disclosure and reporting obligations, maintaining an effective compliance program and appointing a chief compliance officer, fiduciary duties to clients, engaging in transactions with clients,

client solicitation arrangements, disclosing and managing conflicts of interest, using promotional materials, and recordkeeping. The Advisers Act regulates the assignment of advisory contracts by the investment advisor. The SEC is authorized to institute proceedings and impose sanctions for violations of the Advisers Act, ranging from fines and censures to termination of an investment advisor's registration. If we are unable to comply with the requirements of the Advisers Act or the SEC it could have a material adverse effect on us.

Our affiliated U.S. broker-dealer GRV Securities is registered with the SEC as a broker-dealer and is a member of FINRA and accordingly is subject to Exchange Act and FINRA rules and regulations that cover all aspects of its business, including anti-money laundering, advertising, compensation, fiduciary standards, sales practices, recordkeeping and the conduct of directors, officers and employees. The securities industry is highly regulated, including under federal, state and other applicable laws, rules and regulations, and we may be adversely affected by regulatory changes related to supervision, sales practices, advertising, application of fiduciary standards, best execution or market structure. GRV Securities is also specifically required to maintain a certain minimum level of net capital under Exchange Act and FINRA rules. GRV Securities is authorized to engage in private placements and act as mutual fund retailer, underwriter or sponsor. The SEC and FINRA are authorized to institute proceedings and impose sanctions for violations of the Exchange Act and FINRA rules, ranging from fines and censures to termination of a broker-dealer's registration. If we are unable to comply with the requirements of the Exchange Act, SEC, or FINRA, it could have a material adverse effect on us.

### ***CFTC Regulation***

As a registered commodity pool operator and registered commodity trading adviser, we are subject to the requirements of the Commodity Exchange Act and the CFTC's regulations thereunder, as well as to examination by the staff of the NFA. In general, most of our funds are deemed exempt from many of the provisions of the CEA as such funds either have *de minimis* futures contracts and swaps exposure or operate as fund-of-funds.

### ***ERISA-Related Regulation***

Some of our funds are treated as holding "plan assets" as defined under ERISA, as a result of investments in those funds by benefit plan investors. By virtue of our role as investment manager of these funds, we are a "fiduciary" under ERISA with respect to such benefit plan investors. ERISA and the Code, impose certain duties on persons that are fiduciaries under ERISA, prohibit certain transactions involving benefit plans and "parties in interest" or "disqualified persons" to those plans, and provide monetary penalties for violations of these prohibitions. With respect to these funds, we rely on particular statutory and administrative exemptions from certain ERISA prohibited transactions, which exemptions are highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If we fail to comply with these various requirements, it could have a material adverse effect on our business. In addition, with respect to other investment funds in which benefit plan investors have invested, but which are not treated as holding "plan assets," we rely on certain rules under ERISA in conducting investment management activities. These rules are sometimes highly complex and may in certain circumstances depend on compliance by third parties that we do not control. If for any reason these rules were to become inapplicable, we could become subject to regulatory action or third-party claims that could have a material adverse effect on our business.

### ***Foreign Regulation***

We provide investment advisory and other services and raise funds in a number of countries and jurisdictions outside the United States. In many of these countries and jurisdictions, which include the European Union ("EU"), the EEA, the individual member states of each of the EU and EEA, Australia, Canada, Hong Kong, Japan, South Korea and the U.K., we and our operations, and in some cases our personnel, are subject to regulatory oversight and requirements. In general, these requirements relate to registration, licenses for our personnel, periodic inspections, the provision and filing of periodic reports, and obtaining certifications and other approvals. Across the EU, we are subject to the European Union Alternative Investment Fund Managers Directive ("AIFMD") and to AIFMD as implemented into domestic law in the U.K. ("UK AIFMD") requirements regarding, among other things, registration for marketing activities, the structure of remuneration for certain of our personnel and reporting obligations. Individual member states of the EU have imposed additional requirements that may include internal arrangements with respect to risk management, liquidity risks, asset valuations, and the establishment and security of depository and custodial requirements.

The application of some of these requirements and regulations to our business have changed as a consequence of the exit of the U.K. from the EU (commonly referred to as "Brexit"), which has resulted in greater complexity and operational costs to maintain regulatory compliance. This is because the U.K.: (i) is no longer required to transpose EU law into U.K. law; (ii) has

elected to transpose certain EU legislation into U.K. law subject to various amendments and subject to the FCA's oversight rather than that of EU regulators; and (iii) is looking to implement its own vision for its financial services industry through the Edinburgh Reforms and the Financial Services and Markets Act 2023, which will, over time, repeal and replace assimilated EU law. Taken together, (i), (ii) and (iii) will likely result in divergence between the U.K. and EU regulatory frameworks. This divergence is likely to include (amongst other areas) AIFMD, as the European Parliament is expected to implement EU AIFMD 2 in 2026, which will not be transposed in to U.K. law. Whilst, the U.K. and EU ratified a trade deal, it does not include provision for U.K. regulated firms to continue to be able to passport their services into EU member states, which has had direct implications to our business. For example, our subsidiaries that are authorized and regulated by the U.K. Financial Conduct Authority have lost "passporting" privileges under certain EU directives, such as the AIFMD and the Markets in Financial Instruments Directive II ("MiFID II"), which certain of our specialized funds and customized separate accounts have relied upon for access to markets throughout the EU. We have mitigated the impact of this by establishing relationships with third-party European-domiciled alternative investment fund managers ("AIFMs") necessary for them to serve as AIFM for certain of our funds and certain customized separate accounts. While we believe these relationships have, and will continue to, help to ensure that we are able to continue to market certain of our funds in the EU, there remains some uncertainty as to the full extent to which our business could be adversely affected by, among other things, the legal status of the U.K. in relation to the EU, the political conditions in the U.K., the trade relations of the U.K. vis-à-vis other countries and the economic outlook in the U.K.

In Japan, we are subject to regulation by the Japanese Financial Services Agency and the Kanto Local Finance Bureau. In Hong Kong, we are subject to regulation by the Hong Kong Securities & Futures Commission.

### ***Regulations Related to Our Funds***

Agencies that regulate investment advisers and broker-dealers, including the SEC, have broad administrative powers, including the power to limit, restrict or prohibit an investment adviser such as us or a broker-dealer such as GRV Securities from carrying on its business in the event that it fails to comply with applicable laws and regulations. Our failure to comply with applicable laws or regulations could result in fines, censure, suspensions of personnel or other sanctions, including revocation of the registration of our subsidiary as an investment adviser or the revocation of the registration of GRV Securities as a broker-dealer.

The sale of securities in the U.S. generally requires registration under the Securities Act, unless an exemption from registration is available. Non-U.S. jurisdictions generally have similar requirements. Our funds either have sold, or currently sell, their securities without registration under applicable securities laws. For securities offerings to U.S. investors, our funds conduct non-public offerings in reliance on Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D under the Securities Act. Regulation D requires that an offering comply with certain conditions, including that each offeree satisfies a net worth or income requirement or is otherwise sophisticated and that the issuer not engage in any general solicitation or general advertising. For securities offerings to non-U.S. investors, our funds generally rely on the exemption for offshore offers and sales provided by Regulation S under the Securities Act, as well as on various exemptions in non-U.S. jurisdictions that generally restrict offers to high-net worth or qualified institutional investors or otherwise limit the manner of offering. We believe that the securities offerings by our funds comply, and have complied, with applicable laws. In some cases, compliance depends in part on the activities of third parties whom we do not control.

In the U.S. and many other jurisdictions, investment funds are generally subject to significant regulation designed to protect investors, although various exemptions from some or all of such regulations may be available. In the U.S., the Investment Company Act imposes substantive regulation on virtually all aspects of a registered investment company's operation, including limitations on borrowing and leveraged capital structures, requiring that it be managed by a board of directors (or similar body), a majority of whom are not interested persons of the fund or its adviser, prohibitions on most transactions with affiliates, compliance program requirements, limitations on the payment of performance fees to advisers, and advertising, recordkeeping, reporting and disclosure requirements. Other countries' laws may impose similar or more restrictive regulations.

Domestically, other than our funds that are registered investment companies with the SEC, our funds rely on exemptions from Investment Company Act registration and regulation requirements, which require that our funds not engage in a public offering of their securities, and generally require either that each of our funds have no more than 100 investors or that they limit their investors to persons or entities who have substantial investment portfolios (\$5 million in the case of a natural person) or are our knowledgeable personnel.

Our funds that admit only non-U.S. investors rely on various exemptions from applicable investment fund registration and regulation available in non-U.S. jurisdictions, which exemptions generally require that our offshore funds only admit high-net worth or qualified institutional investors or otherwise limit the types of investors who may invest. To the extent they admit



U.S. investors, our offshore funds must apply the same criteria to these investors as our domestic funds apply to their investors in order to be exempt from registration and regulation under the Investment Company Act.

We believe that our funds comply, and have complied, with applicable exemptions from registration and regulation under the Investment Company Act and applicable non-U.S. laws.

### ***Privacy and Cyber Security Regulation***

Many jurisdictions in which we operate have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including the California Consumer Privacy Act (the “CCPA”), as amended by the California Privacy Rights Act, and similar state comprehensive privacy laws, which provide enhanced privacy rights for state residents; the European Union General Data Protection Regulation (“EU GDPR”), a regulation designed to protect privacy rights of individuals residing in the European Economic Area (the “EEA”); the United Kingdom General Data Protection Regulation and Data Protection Act 2018 (“U.K. GDPR”) with respect to individuals residing in the United Kingdom (the “U.K.”), and various other privacy laws applicable to individuals residing in jurisdictions in which we may operate. Any failure or perceived failure to comply with such laws or regulations could result in fines, penalties and/or sanctions, which could be substantial, litigation (including class actions) as well as reputational harm. Moreover, to the extent that these laws and regulations or the enforcement of the same become more stringent, or if new laws or regulations are enacted, including the SEC’s proposed rules related to cybersecurity risk management for registered investment advisers, our financial performance or plans for growth may be adversely impacted.

### **Available Information**

We file electronically with the SEC our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and any amendments thereto, and other information. Our SEC filings are available to the public over the Internet at the SEC’s website at <http://www.sec.gov>. We make available on our website at [www.gcmgrosvenor.com](http://www.gcmgrosvenor.com), free of charge, copies of these reports and any amendments as soon as reasonably practicable after filing or furnishing them with the SEC.

## ITEM 1A. RISK FACTORS

*In the course of conducting our business operations, we are exposed to a variety of risks. These risks are generally inherent to the alternative asset management industry or otherwise generally impact alternative asset managers like us. Any of the risk factors we describe below have affected or could materially adversely affect our business, financial condition and results of operations. The market price of shares of our Class A common stock could decline, possibly significantly or permanently, if one or more of these risks and uncertainties occurs. Certain statements in “Risk Factors” are forward-looking statements. See “Forward-Looking Statements.”*

### **Risks Related to Our Business and Industry**

***The historical performance of our funds should not be considered as indicative of the future results of our operations or any returns expected on an investment in our Class A common stock; however, poor performance of our funds, or lack of growth in our assets under management, could have a materially adverse impact on our revenues, and, consequently, the returns on our Class A common stock.***

An investment in our Class A common stock is not an investment in any of our funds and is not linked to the historical or future performance of our funds. However, the success and growth of our business is highly dependent upon the performance of our funds.

Positive performance of our funds will not necessarily result in the holders of our Class A common stock experiencing a corresponding positive return on their Class A common stock. However, poor performance of our funds could cause a decline in our revenues as a result of reduced management fees and incentive fees from such funds, and may therefore have a materially adverse impact on our performance and the returns on an investment in our Class A common stock.

If we fail to meet the expectations of our clients or our funds otherwise experience poor investment performance, whether due to general economic and financial conditions, our investment acumen or otherwise, our ability to retain existing assets under management and attract new clients could be materially adversely affected. In turn, the management fees and incentive fees that we would earn would be reduced and our business or financial condition would suffer, thus negatively impacting the price of our Class A common stock. Furthermore, even if the investment performance of our funds is positive, our business or financial condition and the price of our Class A common stock could be materially adversely affected if we are unable to attract and retain additional assets under management consistent with our past experience, industry trends or investor and market expectations.

***Investors in our open-ended, specialized funds may generally redeem their investments in these funds on a periodic basis. Investors in most of our closed-ended, specialized funds may terminate the commitment periods of these funds or otherwise cause our removal as general partner of these funds under certain circumstances. Our customized separate account clients may generally terminate our management of these relationships on short notice. Any of these events would lead to a decrease in our revenues, which could be substantial.***

Investors in our open-ended, specialized funds may generally redeem their investments on an annual or quarterly basis following the expiration of a specified period of time when capital may not be withdrawn, subject to the applicable fund’s specific redemption provisions. In addition, the boards of directors of the investment companies we manage could terminate our advisory engagement of those companies on as little as 30 days’ prior written notice. In a declining market, the pace of redemptions from our open-ended, specialized funds, and consequently our assets under management, may accelerate as investors seek to limit the losses on their investments or rely upon the liquidity provided by our funds in order to satisfy other obligations these investors may have elsewhere in their portfolios. To the extent appropriate and permissible under a fund’s governing agreements, we may limit or suspend redemptions or otherwise take steps to limit the impact of redemptions on our funds during a redemption period, which may have a negative reputational impact on us. See “— Risks Related to Our Funds — Hedge fund investments are subject to numerous additional risks.” The decrease in revenues that would result from significant redemptions in our open-ended, specialized funds could have a material adverse effect on our business, financial condition and results of operations. In addition, the occurrence of such an event would likely have a negative reputational impact on us.

The governing agreements of most of our closed-ended, specialized funds provide that, subject to certain conditions, investors comprising a certain percentage of commitments to these funds, which may be as low as 75%, have the right to suspend or terminate the commitment periods of these funds or cause our removal as general partner and investment manager of

these funds without cause. The termination or suspension of a fund's commitment period or our removal as general partner of a fund would result in loss of management fee revenues and potentially some or all of any carried interest to which we may otherwise have been entitled to receive. The decrease in these revenues could have a material adverse effect on our business, financial condition and results of operations. In addition, the occurrence of such an event would likely have a negative reputational impact on us.

Our customized separate account clients may generally terminate our management of these relationships without cause, request the orderly liquidation of investments of these portfolios or transfer some or all of the investments in these portfolios directly to the client or some other third-party, on as little as 30 days' prior written notice. The occurrence of such an event would result in a loss of management fee revenues to which we may otherwise have been entitled to receive. The decrease in these revenues could have a material adverse effect on our business, financial condition and results of operations. In addition, the occurrence of such an event would likely have a negative reputational impact on us.

***Our business and financial condition may be materially adversely impacted by the variable nature of our revenues, and in particular the performance-based aspect of certain of our revenues and cash flows, which may make it difficult for us to achieve steady earnings growth on a quarterly basis and may lead to large adverse movements or general increased volatility in the price of our Class A common stock.***

Our revenues are influenced by the combination of the amount of assets under management and the investment performance of our funds. Asset flows, whether inflows or outflows, can be variable from month-to-month and quarter-to-quarter. Furthermore, our funds' investment performance, which affects the amount of assets under management and the management fees we may earn in a given year, can be volatile due to, among other things, general market and economic conditions. Accordingly, our revenues and cash flows may be variable.

Our cash flow may fluctuate significantly from quarter-to-quarter due to the fact that we receive carried interest distributions from certain of our funds only when investments are realized and, in certain cases, achieve a certain preferred return based on performance. In most cases, for our funds where we are entitled to receive carried interest distributions, an element of our revenues, it takes a substantial period of time to realize the cash value (or other proceeds) of an investment. Even if an investment proves to be profitable, it may be a number of years before any profits can be realized in cash (or other proceeds). In addition, carried interest distributions have in the past and may in the future decrease in difficult, volatile or uncertain economic environments as the ability of general partners to exit and realize value from existing investments may be even more limited than in more stable economic environments. We cannot predict when, or if, any realization of investments will occur, and thus, we cannot predict the timing or amounts of carried interest distributions to us. If we were to receive a carried interest distribution in a particular quarter, it may have a significant impact on our results for that particular quarter, which may not be replicated in subsequent quarters.

We are entitled to performance-based fees in respect of certain of our funds that are based on a percentage of unrealized profit, typically over a "high water-mark," on an annual or more frequent basis. Typically, these performance-based fees are paid to us by our funds during the first quarter of each year which is subsequent to when they are earned, even though our funds may accrue a performance-based fee prior to the date it is paid.

As a result, achieving steady earnings growth on a quarterly basis may be difficult, which could in turn lead to large adverse movements or general increased volatility in the price of our Class A common stock.

***The industry in which we operate is intensely competitive. If we are unable to compete successfully, our business and financial condition could be adversely affected.***

The industry in which we operate is intensely competitive, with competition based on a variety of factors, including investment performance, the scope and the quality of service provided to clients, investor availability of capital and willingness to invest, investment terms and conditions (including fees and liquidity terms), brand recognition, and business reputation. Our business competes with a number of private equity funds, specialized investment funds, solutions providers and other sponsors managing pools of capital, as well as corporate buyers, traditional asset managers, commercial banks, investment banks and other financial institutions (including sovereign wealth funds), and we expect that competition will continue to increase. For example, certain traditional asset managers have developed their own private equity platforms and are marketing other asset allocation strategies as alternatives to hedge fund investments. Additionally, developments in financial technology, such as distributed ledger technology, commonly referred to as blockchain, have the potential to disrupt the financial industry and change the way financial institutions, as well as asset managers, do business. A number of factors serve to increase our competitive risks:

- a number of our competitors have greater financial, technical, marketing and other resources and more personnel than we do;
- some of our competitors have recently raised, or are expected to raise, significant amounts of capital, and many of them have investment objectives similar to ours, which may create additional competition for investment opportunities that our funds seek to exploit;
- some of our funds may not perform as well as competitors' funds or other available investment products;
- several of our competitors have significant amounts of capital, and many of them have similar investment objectives to ours, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that many alternative investment strategies seek to exploit;
- some of our competitors may have a lower cost of capital or access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities;
- some of our competitors may be more successful than us in deployment of new products to address investor demand for new or different investment strategies and/or regulatory changes;
- developments in financial technology (or fintech), such as distributed ledger technology (or blockchain) have the potential to disrupt the financial industry and change the way financial institutions, as well as investment managers, do business and could exacerbate these competitive pressures;
- some of our competitors may be more successful than us in the development and implementation of new technology to address investor demand for product and strategy innovation;
- some of our competitors may have instituted, or may institute, low cost, high speed financial applications and services based on artificial intelligence, and new competitors may enter the investment management space using new investment platforms based on artificial intelligence;
- some of our competitors may be subject to less regulation and accordingly may have more flexibility to undertake and execute certain businesses or investments than we can and/or bear less compliance expense than we do;
- some of our competitors may have more flexibility than us in raising certain types of investment funds under the investment management contracts they have negotiated with their investors;
- some of our competitors may have better expertise or be regarded by investors as having better expertise in a specific asset class or geographic region than we do; and
- other industry participants may, from time to time, seek to recruit our investment professionals and other employees away from us.

We may find it harder to retain and raise funds, and we may lose investment opportunities in the future, if we do not match the prices, structures and terms offered by our competitors. We may not be able to maintain our current fee structures as a result of industry pressure from investors to reduce fees. In order to maintain our desired fee structures in a competitive environment, we must be able to continue to provide clients with investment returns and service that incentivize them to pay our desired fee rates. We cannot assure you that we will succeed in providing investment returns and service that will allow us to maintain our desired fee structure. Fee reductions on existing or future new business could have a material adverse effect on our profit margins and results of operations.

***A decline in the pace or size of fundraising or investments made by us on behalf of our funds may adversely affect our revenues.***

Our revenues in any given period are dependent in part on the size of our FPAUM in such period. For our closed-ended funds, the revenues that we earn are driven in part by the amount of capital invested or committed for investment by our clients, our fundraising efforts and the pace at which we make investments on behalf of certain of our funds. Declines in the pace or the size of fundraising efforts or investments reduce our revenues. The alternative asset investing environment continues to see increased competition, which can make fundraising and the deployment of capital more difficult. In addition, many other factors cause declines in the pace of investment, including the inability of our investment professionals to identify attractive investment opportunities, decreased availability of financing on attractive terms or decreased availability of investor capital, including potentially as a result of a challenging fundraising environment or heightened requests for redemptions, and our failure to consummate identified investment opportunities because of business, regulatory or legal complexities or uncertainty and adverse developments in the U.S. or global economy or financial markets. In addition, if we are unable to deploy capital at a pace that is sufficient to offset the pace of realizations that we return to our clients, our fee revenues could decrease.

The nature of closed-ended funds involves the perpetual return of capital to investors. This return of capital to investors in our funds reduces our FPAUM. Hence, we are perpetually seeking to raise investment commitments in order to replace the return of capital to clients from existing funds. Given the competitive nature of the alternative asset management business, following a return of capital to a client, we may lose them as a client as a result of client-specific changes such as a change in such client's ownership, control or senior management, a client's decision to transition to in-house asset management rather than partner with a third-party provider such as us, competition from other financial advisors and financial institutions and other causes. Moreover, a number of our contracts with state government-sponsored clients are secured through such government's mandated procurement processes, which may include a broad and competitive bidding process for subsequent engagements. If multiple clients failed to renew their investment commitments with us and we were unable to secure new clients, our fee revenues would decline materially. Finally, we cannot assure you that we will be able to replace returned capital with investment commitments that generate the same revenues as the returned capital.

***We could suffer losses if our reputation or the reputation of our industry is harmed.***

Our business is highly competitive and we benefit from being highly regarded in our industry. Maintaining our reputation is critical to attracting and retaining fund investors and for maintaining our relationships with our regulators. Negative publicity regarding our company or our personnel could give rise to reputational risk which could significantly harm our existing business and business prospects.

In addition, events that damage the reputation of our industry generally, such as the insolvency or bankruptcy of large funds or a significant number of funds or highly publicized incidents of fraud or other scandals, could have a material adverse effect on our business, regardless of whether any of these events directly relate to our funds or the investments made by our funds.

***We are subject to numerous conflicts of interest that are both inherent to our business and industry and particular to us. Our failure to deal appropriately with conflicts of interest could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.***

We currently provide or may in the future provide a broad spectrum of financial services, including investment advisory, broker-dealer, asset management, loan origination, capital markets, special purpose acquisition company sponsorship and idea generation. As we have expanded and as we continue to expand our business, we increasingly confront potential and actual conflicts of interest relating to our funds' investment activities. Investment manager conflicts of interest continue to be a significant area of focus for regulators and the media. Because of our size and the variety of investment strategies that we pursue for our funds, we may face a higher degree of scrutiny compared with investment managers that are smaller or focus on fewer asset classes.

The relationships among our funds and us are complex and dynamic, and our business could change over time. Therefore, we and our personnel will likely be subject, and our funds will likely be exposed, to new or additional conflicts of interest. In the ordinary course of business, and in particular in managing and making investment decisions for our funds, we engage in activities in which our interests or the interests of our funds could conflict with the interests of other funds and the investors in such funds. Such conflicts of interest could adversely affect one or more of our funds and/or the performance of our funds or returns to their investors.

Certain of our funds may have overlapping investment objectives, including funds that have different fee structures and/or investment strategies that are more narrowly focused, and potential and actual conflicts could arise with respect to allocation of investment opportunities among those funds. We will, from time to time, be presented with investment opportunities that fall within the investment objectives of multiple funds. In such circumstances, we will seek to allocate such opportunities among our funds on a basis that we reasonably determine in good faith to be fair and equitable, and may take into account a variety of relevant factors in determining eligibility, including the investment team primarily responsible for sourcing or performing due diligence on the transaction, the nature of the investment focus of each fund, the relative amounts of capital available for investment, anticipated expenses to the applicable fund and/or to us with regard to investment by our various funds, the investment pacing and timing of our funds and other considerations deemed relevant by us. Allocating investment opportunities appropriately frequently involves significant and subjective judgments. The risk that fund investors could challenge allocation decisions as inconsistent with our obligations under applicable law, governing fund agreements or our own policies cannot be eliminated. In addition, the perception of non-compliance with such requirements or policies could harm our reputation with fund investors.



Our funds may invest in companies in which we or one or more of our other funds also invest, either directly or indirectly. Investments in a company by certain of our funds may be made prior to the investment by other funds, concurrently, including as part of the same financing plan or subsequent to the investments by such other funds. Any such investment by a fund may consist of securities or other instruments of a different class or type from those in which other of our funds are invested, and may entitle the holder of such securities and other instruments to greater control or to rights that otherwise differ from those to which such other funds are entitled. In connection with any such investments — including as they relate to acquisition, owning, and disposition of such investments — our funds could have conflicting interests and investment objectives, and any difference in the terms of the securities or other instruments held by such parties could raise additional conflicts of interest for our funds and us. Our failure to adequately mitigate these conflicts could give rise to regulatory and investor scrutiny.

In the ordinary course of our investment activities on behalf of our funds, we receive investment-related information. We do not generally establish information barriers between internal investment teams. To the extent permitted by law, investment professionals have access to and make use of such investment-related information in making investment decisions for our funds. Therefore, information related to investments made on behalf of a particular fund may inform investment decisions made in respect of another of our funds or otherwise be used and monetized by us. The access and use of this information could create conflicts between our funds and between our funds and us, and no fund, or any investor therein, is entitled to any compensation for any profits earned by another fund or us based on our use of investment-related information received in connection with managing such funds.

Certain persons employed by or otherwise associated with us are related to, or otherwise have business, personal, political, financial, or other relationships with, persons employed by or otherwise associated with service providers engaged for our funds, and third-party investment managers with whom we invest on behalf of our funds. These types of relationships could also influence us in deciding whether to select or recommend such a service provider to perform services for a particular fund or to make or redeem an investment on behalf of a fund.

Additionally, we permit employees, former employees and other parties associated with the firm to invest in or alongside our funds on a no-fee, no-carry basis. These arrangements could create a conflict in connection with investments we make on behalf of our funds. For example, we have an agreement with our director, Stephen Malkin, that was originally entered into in 2005 when he resigned from GCM Grosvenor, to manage a family office. While investments in and alongside our funds by Mr. Malkin's family office are subject to the same policies and procedures applicable to our current employees, Mr. Malkin benefits from information he receives in respect of our funds and our funds' investments and the right to invest on a no-fee and no-carry basis.

It is possible that actual, potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially and adversely affect our business in a number of ways, including an inability to raise additional funds, attract new clients or retain existing clients.

***Conflicts of interest could arise in our allocation of co-investment opportunities.***

As a general matter, our allocation of co-investment opportunities is entirely within our discretion and there can be no assurance that co-investments of any particular type or amount will be allocated to any of our funds or investors. There can be no assurance that co-investments will become available and we will take into account a variety of factors and considerations we deem relevant in our sole discretion in allocating co-investment opportunities, including, without limitation, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, whether a potential co-investor has a history of participating in such opportunities with us, the size and interest of the opportunity, the economic terms applicable to such investment for such investor and us, whether allocating to a potential co-investor will help establish, recognize, strengthen and/or cultivate existing relationships with an existing or prospective investor and such other factors as we deem relevant under the circumstances. The allocation of co-investment opportunities by us sometimes involves a benefit to us including, without limitation, management fees, carried interest or incentive fees or allocations from a co-investment opportunity. In certain circumstances, we, our affiliates and our respective employees or any designee thereof and other companies, partnerships or vehicles affiliated with us may be permitted to co-invest side-by-side with our funds and may consummate an investment in an investment opportunity otherwise suitable for a fund.

Potential and actual conflicts will arise with respect to our decisions regarding how to allocate co-investment opportunities among our funds and investors and the terms of any such co-investments. Our fund documents typically do not mandate specific allocations with respect to co-investments. The investment advisers of our funds could have an incentive to provide co-investment opportunities to certain investors in lieu of others. Co-investment arrangements may be structured through one or more of our investment vehicles, and in such circumstances, co-investors will generally bear the costs and expenses thereof (which could lead to conflicts of interest regarding the allocation of costs and expenses between such co-investors and investors in our other investment funds). The terms of any such existing and future co-investment vehicles may differ materially, and in some instances may be more favorable to us, than the terms of certain of our funds or prior co-investment vehicles, and such different terms could create an incentive for us to allocate a greater or lesser percentage of an investment opportunity to such funds or such co-investment vehicles, as the case may be. Such incentives will from time to time give rise to conflicts of interest. Allocating investment opportunities appropriately frequently involves significant and subjective judgments. The risk that fund investors could challenge allocation decisions as inconsistent with our obligations under applicable law, governing fund agreements or our own policies cannot be eliminated. In addition, the perception of non-compliance with such requirements or policies could harm our reputation with fund investors.

***Our entitlement to receive carried interest from many of our funds could create an incentive for us to make more speculative investments and determinations on behalf of a fund than would be the case in the absence of such arrangement.***

We sometimes receive carried interest or other performance-based fees or allocations that could create an incentive for us to make more speculative investments and determinations, directly or indirectly on behalf of our funds, or otherwise take or refrain from taking certain actions than it would otherwise make in the absence of such carried interest or performance-based fees or allocations. In addition, we could have an incentive to make exit determinations based on factors that maximize economics in favor of us or our employees. Certain of our employees or related persons may receive a portion of our carried interest or performance-based fees or allocations with respect to one or more of our funds, which could similarly influence such employees' or related persons' judgments. If carried interest that was previously distributed to us exceeds the amounts to which we are ultimately entitled, we may be required to repay that amount under a "clawback" obligation. In connection therewith, any clawback obligation could create an incentive for us to defer disposition of one or more investments if such disposition would result in a realized loss and/or the finalization of dissolution and liquidation of a fund where a clawback obligation would be owed. Our failure to appropriately deal with any actual, potential or perceived conflicts of interest resulting from our entitlement to receive carried interest from many of our funds could have a material adverse effect on our reputation, which could materially and adversely affect our business in a number of ways, including an inability to raise additional funds, attract new clients or retain existing clients.

***Conflicts of interest could arise in our allocation of costs and expenses, and increased regulatory scrutiny and uncertainty with regard to expense allocation may increase the risk of harm.***

We have a conflict of interest in determining whether certain costs and expenses are incurred in the course of operating our funds. For example, we have to determine whether the costs arising from newly imposed regulations and self-regulatory requirements should be paid by our funds or by us. Our funds generally pay or otherwise bear all legal, accounting, filing, and other expenses incurred in connection with organizing and establishing the funds and the offering of interests in the funds. In addition, our funds generally pay all expenses related to the operation of the funds and their investment activities. We also determine, in our sole discretion, the appropriate allocation of investment-related expenses, including broken deal expenses, incurred in respect of un consummated investments and expenses more generally relating to a particular investment strategy, among our funds, vehicles and accounts participating or that would have participated in such investments or that otherwise participate in the relevant investment strategy, as applicable. This could result in one or more of our funds bearing more or less of these expenses than other investors or potential investors in the relevant investments or a fund paying a disproportionate share, including some or all, of the broken deal expenses or other expenses incurred by potential investors. Parties that seek to participate in a particular investment opportunity we offer on a co-investment basis may not share in any broken deal expenses in the event such opportunity is not consummated.

While we historically have and will continue to allocate the costs and expenses of our funds in a fair and equitable basis and in accordance with our policies and procedures, due to increased regulatory scrutiny of expense allocation policies in the private investment funds realm, there is no guarantee that our policies and procedures will not be challenged by our supervising regulatory bodies. If we or our supervising regulators were to determine that we have improperly allocated such expenses, we could be required to refund amounts to our funds and could be subject to regulatory censure, litigation from our clients and/or reputational harm, each of which could have a material adverse effect on our business, financial condition and results of operations.

***Certain policies and procedures implemented to mitigate potential and actual conflicts of interest and address certain regulatory requirements may reduce the synergies that may otherwise exist across our various businesses.***

In an effort to mitigate potential and actual conflicts of interest and address regulatory, legal and contractual requirements and contractual restrictions, we have implemented certain policies and procedures (for example, information sharing policies) that may reduce the positive synergies that would otherwise exist across our various businesses. For example, we may come into possession of material non-public information with respect to issuers in which we may be considering making an investment or issuers in which our affiliates may hold an interest. As a consequence of such policies and procedures, we may be precluded from providing such information or other ideas to our other businesses that might be of benefit to them. Additionally, the terms of confidentiality or other agreements with or related to companies in which we have entered, either on our own behalf or on behalf of any of our clients, sometimes restrict or otherwise limit the ability of our funds to make investments or otherwise engage in businesses or activities competitive with such companies.

***A significant portion of our consolidated financial statements include financial information, including net assets and revenues, that is attributable to noncontrolling interests holders and not attributable to us.***

While our historical consolidated financial statements include financial information, including assets and revenues of certain entities on a consolidated basis, a portion of such assets and revenues are attributable to the noncontrolling interest holders and not directly attributable to us as discussed in our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. As a result, the net assets and revenues presented in our consolidated financial statements may not represent our economic interests in those net assets and revenues.

***Our international operations subject us to numerous risks.***

We maintain operations in the U. K., Germany, Canada, Hong Kong, Japan and South Korea, among other places, and may grow our business into new regions with which we have less familiarity and experience, and this growth is important to our overall success. In addition, many of our clients are non-U.S. entities where we are expected to have a familiarity with the specific legal and regulatory requirements applicable to such clients. We rely upon stable and free international markets, not only in connection with seeking clients outside the U.S. but also in investing client capital in these markets.

Our international operations carry special financial and business risks, which could include the following:

- greater difficulties in managing and staffing foreign operations;
- differences between the U.S. and foreign capital markets, such as for accounting, auditing, financial reporting and legal standards, practices and disclosure requirements;
- fluctuations in foreign currency exchange rates that could adversely affect our results;
- additional costs of complying with, and exposure to liability under, foreign regulatory regimes;
- unexpected changes in trading policies, regulatory requirements, tariffs and other barriers;
- longer transaction cycles;
- higher operating costs;
- local labor conditions and regulations;
- adverse consequences or restrictions on the repatriation of earnings;
- potentially adverse tax consequences, such as trapped foreign losses;
- less stable political and economic environments;
- potentially heightened risk of theft or compromise of data and intellectual property, in particular in those jurisdictions that do not have levels comparable to the U.S. of protection of proprietary information and assets, such as intellectual property, trademarks, trade secrets, know-how and client information and records;
- potentially compromised protections or rights to technology, data and intellectual property due to government regulation;
- terrorism, political hostilities, war, public health crises and other civil disturbances or other catastrophic or pandemic events that reduce business activity;
- cultural and language barriers and the need to adopt different business practices in different geographic areas; and

- difficulty collecting fees and, if necessary, enforcing judgments.

As part of our day-to-day operations outside the United States, we are required to create compensation programs, employment policies, privacy policies, compliance policies and procedures and other administrative programs that comply with the laws of multiple countries. We also must communicate and monitor standards and directives across our global operations. Our failure to successfully manage and grow our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with non-U.S. standards and procedures.

Any payment of distributions, loans or advances to and from our subsidiaries could be subject to restrictions on or taxation of dividends or repatriation of earnings under applicable local law, monetary transfer restrictions, foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate or other restrictions imposed by current or future agreements, including debt instruments, to which our non-U.S. subsidiaries may be a party. Our business, financial condition and results of operations could be materially and adversely affected if we are unable to successfully manage these and other risks of international operations in a volatile environment. If our international business increases relative to our total business, these factors could have a more pronounced effect on our results of operations or growth prospects.

***Our indebtedness may expose us to substantial risks, and our cash balances are exposed to the credit risks of the financial institutions at which they are held.***

As of December 31, 2023, we had \$389.0 million in long-term debt outstanding. We expect to continue to utilize debt to finance our operations, which will expose us to the typical risks associated with the use of leverage. An increase in leverage could make it more difficult for us to withstand adverse economic conditions or business plan variances, to take advantage of new business opportunities, or to make necessary capital expenditures. Any portion of our cash flow required for debt service will not be available for our operations, distributions, dividends, stock repurchases or other purposes. Any substantial decrease in net operating cash flows or any substantial increase in expenses could make it difficult for us to meet our debt service requirements or force us to modify our operations. Our level of indebtedness may make us more vulnerable to economic downturns and reduce our flexibility in responding to changing business, regulatory and economic conditions, which could have a material adverse effect on our business, financial condition and results of operations.

The terms of the Company's current debt instruments contain covenants that may restrict the Company and its subsidiaries from paying distributions to its members. However, the ability of GCMH to make such distributions is subject to its operating results, cash requirements and financial condition, restrictive covenants in our debt instruments and applicable Delaware law. These restrictions include restrictions on the payment of distributions whenever the payment of such distributions would cause GCMH to no longer be in compliance with any of its financial covenants under the Term Loan Facility. Absent an event of default under the Credit Agreement governing the terms of the Term Loan Facility, GCMH may make unlimited distributions when the Total Leverage Ratio (as defined in the Credit Agreement) is below 2.75x. As of December 31, 2023, the Total Leverage Ratio was below 2.75x and the Company was in compliance with all financial covenants.

In addition, the availability of capital from our debt instruments and cash balances are exposed to the credit risks of the financial institutions at which they are held. Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or the financial services industry generally, or concerns or rumors about any such events or other similar risks, have in the past and may in the future lead to market-wide liquidity problems or the fear of market-wide liquidity problems. If any of the financial institutions at which we maintain account balances or upon which we rely for credit were to become unstable or insolvent, our ability to access existing cash, cash equivalents and investments, or to access existing or enter into new banking arrangements or facilities to pay operational and other costs, could be threatened or lost, which could have a material adverse effect on our business and financial condition. In addition, if any of our clients, investors, suppliers or other parties with whom we conduct business are unable to access funds pursuant to their lending arrangements with such a financial institution, their ability to pay their obligations to us, provide services to us or enter into new commercial arrangements requiring additional payments to us could be adversely affected, which could have a material adverse effect on our operations and cash flows.

***We may be unable to remain in compliance with the financial or other covenants contained in our debt instruments.***

Our debt instruments contain, and any future debt instruments may contain, financial and other covenants that impose requirements on us and limit our and our subsidiaries' ability to engage in certain transactions or activities, including, without limitation:

- making certain payments in respect of equity interests, including, among others, the payment of dividends and other distributions, redemptions and similar payments, payments in respect of warrants, options and other rights, and payments in respect of subordinated indebtedness;
- incurring additional debt;
- providing guarantees in respect of obligations of other persons;
- making loans, advances and investments;
- entering into transactions with investment funds and affiliates;
- creating or incurring liens;
- entering into negative pledges;
- selling all or any part of the business, assets or property, or otherwise disposing of assets;
- making acquisitions or consolidating or merging with other persons;
- entering into sale-leaseback transactions;
- changing the nature of our business;
- changing our fiscal year;
- making certain modifications to organizational documents or certain material contracts;
- making certain modifications to certain other debt documents; and
- entering into certain agreements with respect to the repayment of indebtedness, the making of loans or advances, or the transferring of assets.

There can be no assurance that we will be able to maintain leverage levels in compliance with the financial covenants included in our debt instruments. These restrictions may limit our flexibility in operating our business, and any failure to comply with these financial and other covenants, if not waived, would cause a default or event of default. Our obligations under our debt instruments are secured by substantially all of our assets. In the case of an event of default, creditors may exercise rights and remedies, including the rights and remedies of a secured party, under such agreements and applicable law, which could have a material adverse effect on our business, financial condition and results of operations.

***The loss of experienced and senior personnel could have a material adverse effect on our business and financial condition.***

While the success of our business is not tied to any particular person or group of "key persons," the success of our business does depend on the efforts, judgment and reputations of our personnel generally, and in particular our experienced and senior personnel in investment, operational and executive functions. Our personnel's reputation, expertise in investing and risk management, relationships with our clients and third parties on which our funds depend for investment opportunities are each critical elements in operating and expanding our business. However, we may not be successful in our efforts to retain our most valued employees, as the market for alternative asset management professionals is extremely competitive. The loss or prolonged absence of one or more members of our senior team could harm our business and jeopardize our relationships with our clients and members of the investing community, and we may not be able to attract, retain, and develop a sufficient number of qualified personnel in future periods. Nearly all of our managing directors and many of our executive directors are subject to employment contracts that contain various incentives and restrictive covenants designed to retain these employees for the long-term success of our business, but none of them is obligated to remain actively involved with us. In addition, there is no guarantee that the non-competition and non-solicitation agreements to which our personnel are subject, together with our other arrangements with them, will remain enforceable in light of recent state and federal rules designed to limit the scope and use of such agreements or will be enforceable or will prevent them from leaving, joining our competitors or otherwise competing with us. If any of our personnel were to join or form a competitor, following any required restrictive period set forth in their employment agreements, some of our clients could choose to invest with that competitor rather than in our funds. The loss of the services of one or more members of our senior team could have a material adverse effect on our business, financial



condition and results of operations, including on the performance of our funds, our ability to retain and attract clients and highly qualified employees and our ability to raise new funds. Any change to our senior management team could have a material adverse effect on our business, financial condition and results of operations.

We do not carry any “key person” insurance that would provide us with proceeds in the event of the death or disability of any of our personnel. In addition, certain of our funds have key person provisions that are triggered upon the loss of services of one or more specified employees and could, upon the occurrence of such event, provide the investors in these funds with certain rights such as rights providing for the termination or suspension of the funds’ investment periods and/or wind-down of the funds. Accordingly, the loss of such personnel could result in significant disruption of certain funds’ investment activities, which could have a material adverse impact on our business, financial condition and results of operations, and could harm our ability to maintain or grow our assets under management in existing funds or raise additional funds in the future. Similarly, to the extent there is a perceived reliance in the market that one or more of our employees is critical to the success of a particular investment strategy, the loss of one or more such employees could lead investors to redeem from our funds or choose not to make further investments in existing or future funds that we manage, which would correspondingly reduce our management fees and potential to earn incentive fees.

***We intend to expand our business and may formulate new business strategies or enter into new geographic markets, which may result in additional risks and uncertainties in our business.***

We currently generate substantially all of our revenues from management fees and incentive fees. However, we have and intend to continue to grow our business by offering additional products and services, by formulating new business strategies and by entering into, or expanding our presence in, new geographic markets. Introducing new types of investment structures, products and services could increase our operational costs and the complexities involved in managing such investments, including with respect to ensuring compliance with regulatory requirements and the terms of the investment. For example, we launched a structured alternatives investment solution to invest in alternative strategies including private equity, infrastructure, absolute return strategies, and alternative credit, which is subject to greater levels of regulatory scrutiny. In addition, we may from time to time explore opportunities to grow our business via acquisitions, joint ventures, partnerships, investments or other strategic transactions, both within the current operational and geographic scope of our business and beyond. There can be no assurance that we will successfully identify, negotiate or complete such transactions, that any completed transactions will produce favorable financial results or that we will be able to successfully integrate an acquired business with ours. Some of these potential expansions and transactions could be significant relative to the size of our business and operations. Any such transaction would involve a number of risks and could present financial, managerial and operational challenges, including a diversion of management’s attention and resources; entry into markets or businesses in which we may have limited or no experience; increased costs to integrate new enterprises; difficulties in effectively integrating the financial and operating systems of the business involved in any such transaction into our financial reporting infrastructure and internal control framework in an effective and timely manner; potential exposure to material liabilities not discovered in the due diligence process or as a result of any litigation arising in connection with any such transition; and the need to develop new marketing and sales strategies to offer our new services to existing customers and attract new customers.

To the extent we enter into new lines of business and new geographic markets, we will face numerous risks and uncertainties, including risks associated with the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, the required investment of capital and other resources and the loss of clients due to the perception that we are no longer focusing on our core business.

Entry into certain lines of business or geographic markets, the introduction of new types of products or services, or any acquisition, divestiture, investment or merger transactions, may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. If a new business generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our business, financial condition and results of operations could be materially and adversely affected.

***Restrictions on our ability to collect and analyze data regarding our clients’ investments could adversely affect our business.***

We maintain detailed information regarding investments that we monitor and report on for our funds. We rely on our database of investment information to provide regular reports to our clients, to research developments and trends in the markets and to support our investment processes. We depend on the continuation of our relationships with the investment managers of the underlying funds and investments in order to maintain current data on these investments and market activity. The termination of such relationships or the imposition of restrictions on our ability to use the investment-related information we

obtain in connection with our investing, monitoring and reporting services could adversely affect our business, financial condition and results of operations.

***Operational risks may disrupt our business, damage our reputation, result in financial losses or limit our growth.***

We rely heavily on our and our third-party service providers' financial, accounting, compliance, monitoring, administration, reporting and other data processing systems and technology platforms. If any of these systems, or the systems of third-party service providers we utilize, do not operate properly or are disabled or fail, including the loss of or unauthorized access to data, whether caused by fire, other natural disaster, power or telecommunications failure, computer viruses, malicious actors, negligence, acts of terrorism or war or otherwise, or if our third-party service providers fail to perform as expected, we could suffer a disruption of our business, financial loss, liability to clients, regulatory intervention or reputational damage, which could have a material and adverse effect on our business, financial condition and results of operations. If any of our third-party service providers access or use our information for the purpose of competing with us or undermining our efforts, we may lose clients and opportunities. We also face operational risk from errors made in the execution, confirmation or settlement of transactions, as well as errors in recording, evaluating and accounting for them. Our and our third-party service providers' information systems and technology may be unable to accommodate our growth or adequately protect the information of our clients, for new products and strategies or address security risks, and the cost of maintaining such systems and technology may increase from our current level. Such a failure to accommodate growth, or an increase in costs related to such information systems and technology, could have a material adverse effect on our results of operations, financial condition and cash flow. A disaster or a disruption in technology or infrastructure that supports our businesses, including a disruption involving electronic communications or other services used by us, our vendors or third parties with whom we conduct business, including custodians, paying agents and escrow agents, or directly affecting our principal offices, could negatively impact our ability to continue to operate our business without interruption. Our business continuation or disaster recovery programs may not be sufficient to mitigate the harm that could result from such a disaster or disruption, and insurance and other safeguards may only partially reimburse us for our losses, if at all. We are also subject to the risk that the financial institutions with which we maintain credit facilities or cash account balances fail.

***Failure to maintain the security of our information and technology networks, or those of our third-party service providers, or cyber security incidents could harm our reputation and have a material adverse effect on our results of operations, financial condition and cash flow.***

We rely on the reasonably secure processing, storage and transmission of confidential and other sensitive information in our computer systems, hardware, software, technology infrastructure and online sites and networks, and those of our service providers and their vendors (collectively, "IT Systems"). In the ordinary course of our business, we collect and store a range of data, including our proprietary business information and intellectual property, and personally identifiable information of our employees, our clients and other third parties, in our cloud applications and on our networks, as well as our services providers' systems. The secure processing, maintenance and transmission of this information are critical to our operations. We, our service providers and their vendors face various and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our IT systems and data that we, or they, process. These include ongoing cybersecurity threats to and attacks on our and their IT Systems that are intended to gain unauthorized access to our sensitive or proprietary information, destroy data or disable, degrade or sabotage our systems, and risks from diverse threat actors, such as state-sponsored organizations, opportunistic hackers and hacktivists. Cyber-incident techniques change frequently, may not immediately be recognized and can originate from a wide variety of sources, including remote areas of the world, making them difficult to detect. There has been an increase in the frequency, sophistication and ingenuity of the cybersecurity threats we, our service providers and their vendors face, with threat actors becoming increasingly sophisticated in using techniques and tools – including artificial intelligence – that circumvent security controls, evade detection and remove forensic evidence.

Our and our third-party service providers' IT Systems are also vulnerable to unauthorized or unlawful access, theft, misuse, computer viruses, bugs, ransomware or other malicious code, employee, vendor or contractor error or malfeasance, technological error and other events that could have a negative impact on the security, confidentiality, integrity and availability of our IT systems and data. In recent years, there has been a significant increase in ransomware and other hacking attempts by cyber-criminals. We and our employees have been and expect to continue to be the target of "phishing" attacks, and the subject of impersonations and fraudulent requests for money, and other forms of activities. Further, the majority of our employees have the flexibility to work remotely or to split their time in hybrid remote/office work, which introduces operational risks, including heightened cybersecurity risk, as remote working environments can be less secure and more susceptible to cyber-attacks due to cybersecurity risks associated with managing remote computing assets and security vulnerabilities that are present in many non-corporate and home networks. As a result of these different cybersecurity risks and threats, we may be unable to anticipate,

detect, investigate, remediate or recover from cybersecurity incidents and attacks, or avoid a material adverse impact to our IT Systems, data or business.

In addition, cybersecurity has become a top priority for regulators around the world. For example, the SEC has recently adopted rules on the Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure by Public Companies that enhances and standardizes disclosures for public companies with regards to their cybersecurity risk strategy, management and governance reporting and has proposed rules regarding cybersecurity requirements that apply to registered investment advisors and funds that would, among other things, require broker-dealers and investment advisers to eliminate or neutralize the effect of certain conflicts of interest associated with their use of artificial intelligence and other technologies that optimize for, predict, guide, forecast or direct investment-related behaviors or outcomes, adopt and implement cybersecurity policies and procedures, enhance disclosures concerning incidents and risks in regulatory filings, and to promptly report certain cybersecurity incidents to the SEC. If these proposals are adopted, it could increase our compliance costs and potential regulatory liability related to cybersecurity.

We are dependent on the effectiveness of our and our service providers' information security policies, procedures and capabilities designed to protect our and their IT Systems and the data such systems contain or transmit. Further, we cannot guarantee that these measures, and our cybersecurity risk management program and processes, will be effective or that attempted security incidents or disruptions would not be successful or damaging. Even if the vulnerabilities that lead to any incident are identified, we may be unable to adequately investigate or remediate due to threat actors using tools (including artificial intelligence) and techniques that are designed to circumvent controls, avoid detection and remove or obfuscate forensic evidence. Attacks on our IT Systems could enable threat actors to gain unauthorized access to and steal our sensitive, personal or proprietary information, destroy data or disable, degrade or sabotage our systems or divert or otherwise steal funds. Attacks could range from those common to businesses generally to those that are more advanced and persistent, which may target us because members of our senior management team may have public profiles or because, as an alternative asset management firm, we hold a significant amount of confidential, personal and sensitive information about our clients and investments.

Any circumvention or failure of our or our service providers' cyber security measures and risk management program could potentially jeopardize our, our employees' or our clients' or counterparties' sensitive, confidential, personal proprietary and other information processed and stored in, and transmitted through, our IT Systems, or otherwise cause interruptions or malfunctions in our, our employees', our clients', our counterparties' or third parties' operations, which could result in material financial losses, increased costs, disruption of our business, liability to clients and other counterparties, regulatory intervention, proceedings, orders, litigation (including class actions), indemnity obligations, damages for contract breach or fines or penalties for violation of applicable laws or regulations, or reputational damage, which, in turn, could cause a decline in our earnings and/or stock price. Furthermore, if we experience a cybersecurity incident, it could result in regulatory investigations and material penalties, which could lead to negative publicity and may cause our clients to lose confidence in the effectiveness of our security measures. Although we maintain errors or omissions and cyber liability insurance, the costs related to an incident or other security threats or disruptions may not be fully insured or indemnified by other means, and insurance and other safeguards might only partially reimburse us for our losses, if at all. We also cannot guarantee that applicable insurance will be available to us in the future on economically reasonable terms or at all.

***Rapidly developing and changing privacy laws and regulations could increase compliance costs and subject us to enforcement risks and reputational damage.***

We are subject to various requirements, risks and costs associated with the collection, processing, storage and transmission of personal data and other sensitive and confidential information. Personal data is generally defined as information that can be used to identify, locate or contact a natural person or otherwise be associated with such natural person, including names, photos, email addresses, or computer IP addresses. This data is wide ranging and relates to our clients, employees, counterparties and other third parties. Many jurisdictions in which we operate have laws and regulations relating to data privacy, cybersecurity or the protection and processing of personal data, creating an overlapping patchwork of legislation is always evolving and can be subject to differing interpretation.

For example, in the United States, our compliance obligations include those relating to state laws, such as the California Consumer Privacy Act, as amended by the California Privacy Rights Act ("CCPA"), which provides for enhanced privacy rights for California residents, such as the right to opt out of certain processing of their personal information, and is enforced by the Attorney General with statutory fines and damages. The CCPA also offers a private right of action for certain data breaches. In addition, some jurisdictions have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. Comprehensive privacy statutes that share similarities with the CCPA have been

enacted and other state and federal government privacy legislation has been contemplated, reflecting a more trend toward more stringent data privacy legislation in the United States.

We are also required to comply with foreign data collection and privacy laws in various non-U.S. jurisdictions in which we have offices or conduct business. For example, we are subject to the European General Data Protection Regulation and applicable national supplementing laws (“EU GDPR”) and may also be subject to the United Kingdom General Data Protection Regulations and Data Protection Act 2018 (“U.K. GDPR” and with the EU GDPR, the “GDPR”). Compliance with the GDPR requires us to analyze and evaluate how we handle data in the ordinary course of business, from processes to technology. The GDPR requires, amongst other things, providing EU and U.K. data subjects information about how their personal data will be used and stored, obtaining consent for certain processing of personal data and being in a position to delete information if requested or if consent were withdrawn. Financial regulators and data protection authorities throughout the EU and U.K. have broad audit and investigatory powers under the GDPR to probe how personal data is being used and processed.

Under the GDPR and certain other privacy regimes, we are subject to rules regarding cross-border transfers of personal data. Recent legal developments in Europe have created uncertainty regarding transfers of data from the EEA and the United Kingdom to the U.S. and other jurisdictions. For example, in 2020 the Court of Justice of the European Union, or the CJEU, invalidated the EU-U.S. Privacy Shield Framework and stated that reliance on the standard contractual clauses — a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism — alone may not necessarily be sufficient in all circumstances. On October 7, 2022, President Biden signed an Executive Order on ‘Enhancing Safeguards for United States Intelligence Activities’ that introduced new redress mechanisms and binding safeguards to address the concerns raised by the CJEU in relation to data transfers from the EEA to the United States, forming the basis for the new EU-US Data Privacy Framework, or the DPF, as released on December 13, 2022. The DPF (and the UK Extension to the DPF) have been effective transfer mechanisms to U.S. entities self-certified under the DPF (and the UK Extension) since July 2023 and October 2023, respectively. However, we expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the U.S. and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. We currently rely on standard contractual clauses for existing intragroup, customer and vendor agreements. As the enforcement landscape further develops, and supervisory authorities issue further guidance on international data transfers, we could suffer additional costs, complaints and/or regulatory investigations or fines. We may have to stop using certain tools and vendors and make other operational changes and/or it could otherwise affect the manner in which we provide our services, could adversely affect our business, operations and financial condition.

***Extensive government regulation, compliance failures and changes in law or regulation could adversely affect us.***

Our business activities are subject to extensive and evolving laws, rules and regulations with which we seek to comply, and we are subject to periodic, routine examinations by governmental agencies, including the SEC, and self-regulatory organizations in the jurisdictions in which we operate. Any changes or potential changes in the regulatory framework applicable to our business may impose additional expenses or capital requirements on us, limit our fundraising activities, have an adverse effect on our business, financial condition, results of operations, reputation or prospects, impair employee retention or recruitment and require substantial attention by senior management. Currently proposed new rules and amendments to existing rules and regulations by these regulatory bodies and government agencies could significantly impact us and our operations, including by increasing compliance burdens and associated regulatory costs and complexity. In addition, these rules enhance the risk of regulatory action, which could adversely impact our reputation and our fundraising efforts, including as a result of public regulatory sanctions and increased regulatory enforcement activity in the financial services industry. It is impossible to determine the extent of the impact of any new laws, regulations, initiatives or regulatory guidance that may be proposed or may become law on our business or the markets in which we operate, but they could make it more difficult for us to operate our business.

Governmental authorities around the world have implemented or are implementing financial system and participant regulatory reform in reaction to volatility and disruption in the global financial markets, financial institution failures and financial frauds. Such reform includes, among other things, additional regulation of investment funds, as well as their managers and activities, including compliance, risk management and anti-money laundering procedures; restrictions on specific types of investments and the provision and use of leverage; implementation of capital requirements; limitations on compensation to managers; and books and records, reporting and disclosure requirements. We cannot predict with certainty the impact on us, our funds, or on alternative investment funds generally, of any such reforms. Any of these regulatory reform measures could have an adverse effect on our funds’ investment strategies or our business model. We may incur significant expense in order to comply with such reform measures and may incur significant liabilities if regulatory authorities determine that we are not in compliance.



We could also be adversely affected by changes in applicable tax laws, regulations, or administrative interpretations thereof and new tax laws in both U.S. and non-U.S. jurisdictions may be passed with little advance notice. For example, the Inflation Reduction Act of 2022 (the “IRA”) imposes, among other things, a new excise tax on stock repurchases as discussed below, which could adversely affect the amount and/or timing of the tax we may be required to pay. Other changes that could be enacted in the future, including changes to tax laws enacted by state or local governments in jurisdictions in which we operate, could result in further changes to state and local taxation and materially adversely affect our financial position and results of operations.

In addition, our effective tax rate and tax liability are based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner which they apply to us and our funds and diverse set of business arrangements is often open to interpretation. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. The tax authorities could challenge our interpretation of laws, regulations and treaties, resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. Changes to tax laws may also adversely affect our ability to attract and retain key personnel.

Our business is subject to regulation in the United States, including by the SEC, the Commodity Futures Trading Commission (the “CFTC”), the Internal Revenue Service (the “IRS”), the Financial Industry Regulatory Authority, Inc. (“FINRA”) and other regulatory agencies. Any change in such regulation or oversight could have a material adverse effect on our business, financial condition and results of operations. The current leadership of the SEC has signaled that they intend to seek to enact changes to numerous areas of law and regulations currently in effect, and we expect a greater level of SEC enforcement activity. The SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed and adopted a number of new rules that impose significant changes on investment advisers and their management of private funds. For example, in 2023, the SEC adopted new rules and amendments under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) applicable to private fund advisers like GCM that impact various aspects of the relationships between private fund advisers like GCM and their clients, the handling of cybersecurity risks, and trade clearance and settlement. In particular, such rules limit circumstances in which an adviser can be indemnified by a private fund; require the private fund’s auditor to notify the SEC upon the occurrence of certain material events; impose additional enhanced annual audit requirements; impose requirements to issue detailed quarterly statements to investors on performance, fees and expenses, and adviser and related person compensation; enhance requirements, including the need to obtain a fairness opinion and make certain disclosures, in connection with investment adviser-led secondary transactions (also known as general partner-led secondaries); prohibit investment advisers from engaging in certain practices, such as, without limitation, charging accelerated fees for unperformed services or fees and expenses associated with an examination to private fund clients; and impose prohibitions on and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with an investment adviser. Amendments to the existing books and records and compliance rules under the Advisers Act complements new proposals and also requires that all registered investment advisers document their annual compliance review in writing. The time and attention as well as the financial costs associated with compliance with these rules could divert our resources away from managing certain funds’ investment programs, which could adversely affect such funds and their investments. Similarly, the cost of new compliance obligations attributable to certain funds – such as the costs associated with quarterly reporting or audit requirements – will increase the financial burden on certain funds to the extent those costs are treated as fund expenses and could reduce distributions. Further, the impact of these rules is uncertain and, given that the rules have recently been challenged in court by industry groups, could become subject to increased uncertainty. Any legal or regulatory uncertainty with respect to these or other rules is likely to result in a diversion of our time and resources as well as expose us to regulatory risk, all of which in turn could negatively impact certain funds and their investments.

On December 14, 2022, the SEC adopted amendments to Rule 10b5-1 and has included in its regulatory agenda potential final rulemaking on climate change disclosures and proposed rules on human capital management and corporate diversity, which, if adopted, would mandate the disclosure of certain other environmental, social and governance related matters, including with respect to board diversity and human capital management. At this time, there is uncertainty regarding the scope of such proposals or when they would become effective. As regulations develop, we will consider the implications for our business of the overlapping global measures, and how they fit together. The SEC has also recently adopted changes to Form PF which require reporting as soon as practicable, and no later than 72 hours, after the occurrence of certain fund-level events and enhanced disclosure regarding fund investments and structures that will likely further increase related administrative costs and burdens. On February 6, 2024, the SEC adopted rules to expand the definitions of “dealer” and “government securities dealer” which could result in additional regulatory burden on our operations. On October 10, 2022 the SEC adopted rules to amend how the beneficial ownership of securities is reported and to expand the scope of instances where such a filing is required, which will likely require us to devote additional resources to fulfilling our beneficial ownership and short-sale reporting obligations and there could be additional regulatory attention focused on such activities. On October 26, 2022, the SEC further



proposed rules to govern outsourcing of services and oversight of services providers by investment advisers, which would impose substantial obligations on registered investment advisers to conduct initial due diligence and ongoing monitoring of a broad universe of service providers that we may use in our investment advisory business. Moreover, in February 2023, the SEC proposed extensive amendments to the custody rule for registered investment advisers. If adopted, the amendments would require, among other things, investment advisers to obtain certain contractual terms from each advisory client's qualified custodian; document that privately-offered securities cannot be maintained by a qualified custodian; and promptly obtain verification from an independent public accountant of any purchase, sale or transfer of privately-offered securities. The amendments also would apply to assets of a client, including real estate and other assets that generally are not considered securities under the federal securities laws. If adopted, including with modifications, these new rules could significantly impact certain of our operations, including by increasing compliance burdens and associated regulatory costs and complexity and reducing the ability to receive certain expense reimbursements or indemnification in certain circumstances. In addition, even if not adopted, evaluating and responding to proposed rules could result in increased costs and require significant attention from management, and the new or proposed rules enhance the risk of regulatory action, which could adversely impact our reputation and our fundraising efforts, including as a result of public regulatory sanctions.

We regularly rely on exemptions from various requirements of these and other applicable laws. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third parties whom we do not control. If, for any reason, these exemptions were to be revoked or challenged or otherwise become unavailable to us, we could be subject to regulatory action or third-party claims, and our business, financial condition and results of operations could be materially and adversely affected. Our failure to comply with applicable laws, regulations or regulatory processes could result in fines, suspensions of personnel or other sanctions, including revocation of our registration as an investment adviser or the registration of our broker-dealer subsidiary. Even if an investigation does not result in sanctions, or results in a sanction imposed against us or our personnel is small in monetary amount, the adverse publicity relating to the investigation or the imposition of sanctions against us by regulators could harm our reputation and cause us to lose existing clients or fail to gain new clients.

In the wake of highly publicized financial failures, including the recent banking failures in 2023, investors exhibited concerns over the integrity of the U.S. financial markets, and the regulatory environment in which we operate is subject to further regulation in addition to those rules already promulgated. For example, there are a significant number of regulations that affect our business under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). The SEC in particular continues to increase its regulation of the asset management and private equity industries, focusing on the private equity industry's fees, allocation of expenses to funds, marketing practices, allocation of fund investment opportunities, disclosures to fund investors, the allocation of broken-deal expenses and general conflicts of interest disclosures. The SEC has also heightened its focus on the valuation practices employed by investment advisers. The lack of readily ascertainable market prices for many of the investments made by our funds or the funds in which we invest could subject our valuation policies and processes to increased scrutiny by the SEC. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations.

We are subject to the fiduciary responsibility provisions of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the prohibited transaction provisions of ERISA and Section 4975 of the Code in connection with the management of certain of our funds. With respect to these funds, this means that (1) the application of the fiduciary responsibility standards of ERISA to investments made by such funds, including the requirement of investment prudence and diversification, and (2) certain transactions that we enter into, or may have entered into, on behalf of these funds, in the ordinary course of business, are subject to the prohibited transactions rules under Section 406 of ERISA and Section 4975 of the Code. A non-exempt prohibited transaction, in addition to imposing potential liability upon fiduciaries of an ERISA plan, may also result in the imposition of an excise tax under the Code upon a "party in interest" (as defined in ERISA), or "disqualified person" (as defined in the Code), with whom we engaged in the transaction. In addition, a court could find that our funds that invest directly in operating companies have formed a partnership-in-fact conducting a trade or business with such operating companies and would therefore be jointly and severally liable for these companies' unfunded pension liabilities.

Some of the other funds currently rely on an exception under the ERISA plan asset regulations promulgated by the U.S. Department of Labor (the "DOL") (as modified by Section 3(42) of ERISA) (the "Plan Asset Regulations"), and therefore are not subject to the fiduciary responsibility requirements of ERISA or the prohibited transaction requirements of ERISA and Section 4975 of the Code. However, if these funds fail to satisfy an exception under the Plan Asset Regulations, such failure could materially interfere with our activities in relation to these funds and expose us to risks related to our failure to comply with such provisions of ERISA and the Code.

In addition, we are registered as an investment adviser with the SEC and are subject to the requirements and regulations of the Advisers Act. Such requirements relate to, among other things, restrictions on entering into transactions with clients, maintaining an effective compliance program, incentive fees, solicitation arrangements, allocation of investments, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an adviser and their advisory clients, as well as general anti-fraud prohibitions. As a registered investment adviser, we have fiduciary duties to our clients. Similarly, we are registered as a broker-dealer with the SEC and are a member of FINRA. As such, we are also subject to the requirements and regulations of the Exchange Act and FINRA rules. We regularly are subject to requests for information, inquiries and informal or formal examinations by the SEC, FINRA and other regulatory authorities, with which we routinely cooperate. Such examinations can result in fines, suspensions of personnel, changes in policies, procedures or disclosure or other sanctions, including censure, the issuance of cease-and-desist orders, the suspension or termination of our investment adviser or broker-dealer registrations or the commencement of a civil or criminal lawsuit against us or our personnel. SEC or FINRA actions and initiatives can have an adverse effect on our financial results. Even if an investigation or proceeding did not result in a sanction, imposed against us or our personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause us to lose existing clients or fail to gain new clients.

In addition, a number of jurisdictions, including the U.S. have restrictions on foreign direct investment pursuant to which their respective heads of state and/or regulatory bodies have the authority to block or impose conditions with respect to certain transactions, such as investments, acquisitions and divestitures, if such transaction threatens to impair national security. In the U.S., the Committee on Foreign Investment in the United States has the authority to review and potentially block, unwind or impose conditions on certain foreign investments in U.S. companies or real estate, which may reduce the number of potential buyers and limit the ability of our funds to realize value from certain existing and future investments. State regulatory agencies may also impose restrictions on investments in certain types of assets, which could affect our ability to find attractive and diversified investments and to complete such investments in a timely manner. Other countries continue to establish and/or strengthen their own national security investment clearance regimes, which could have a corresponding effect of limiting our ability to make investments in such countries. Complying with these laws imposes potentially significant costs and complex additional burdens, and any failure by us, our funds or the companies in which they invest to comply with them could expose us to significant penalties, sanctions, loss of future investment opportunities, additional regulatory scrutiny and reputational harm.

In the EU, MiFID II requires, among other things, all MiFID investment firms to comply with prescriptive disclosure, transparency, reporting and recordkeeping obligations and obligations in relation to the receipt of investment research, best execution, product governance and marketing communications. As we operate investment firms which are subject to MiFID II, we have implemented policies and procedures to comply with MiFID II where relevant, including where certain rules have an extraterritorial impact on us. Compliance with MiFID II has resulted in greater overall complexity, higher compliance, administration and operational costs, and less overall flexibility. The complexity, operational costs and reduction in flexibility may be further compounded as a result of the U.K. formally withdrawing from the EU (commonly referred to as “Brexit”). This is because the U.K. is: (i) no longer required to transpose EU law into U.K. law; (ii) electing to transpose certain EU legislation into U.K. law subject to various amendments and subject to the Financial Conduct Authority’s (“FCA’s”) oversight rather than that of EU regulators; and (iii) looking to implement its own vision for its financial services industry through the Edinburgh Reforms, which may revise and/or repeal onshored EU law. Taken together, (i), (ii) and (iii) will likely result in divergence between the U.K. and EU regulatory frameworks.

In addition, across the EU and U.K., we are subject to the AIFMD, under which we are subject to regulatory requirements regarding, among other things, registration for marketing activities, the structure of remuneration for certain of our personnel and reporting obligations. Certain requirements of the AIFMD and the interpretation thereof remain uncertain and may be subject to change as a result of further legislation amending the AIFMD, the issuance of any further national and/or EU guidelines with respect to the AIFMD and the interpretation thereof, and changes to national implementing legislation in relevant European Economic Area (“EEA”) countries or in the U.K. Outside the EEA, the regulations to which we are subject relate primarily to registration and reporting obligations. As described above, Brexit and the potential resulting divergence between the U.K. and EU regulatory frameworks may result in additional complexity and costs in complying with AIFMD across both the U.K. and EU.

The EU Securitization Regulation (the “Securitization Regulation”), which became effective on January 1, 2019, imposes due diligence and risk retention requirements on “institutional investors,” which includes managers of alternative investment funds assets, and constrains the ability of alternative investment funds to invest in securitization positions that do not comply with the prescribed risk retention requirements. The Securitization Regulation may impact or limit our funds’ ability to make certain investments that constitute “securitizations” and may impose additional reporting obligations on securitizations, which may increase the costs of managing such vehicles.

An EU Regulation on the prudential requirements of investment firms (Regulation (EU) 2019/2033) and its accompanying Directive (Directive (EU) 2019/2034) (together, “IFR/IFD”) impose a prudential regime for most MiFID investment firms, including general capital requirements, liquidity requirements, remuneration requirements, requirements to conduct internal capital adequacy assessments and additional requirements on disclosures and public reporting, which could hinder our ability to deploy capital as freely as we would wish and to recruit and incentivize staff. Different and extended internal governance, disclosure, reporting, liquidity, and group “prudential” consolidation requirements, among other requirements under IFR/IFD, could also have a material impact on our European operations. Further, the U.K. has established its own prudential regime for investment firms that are subject to MiFID II (as implemented in the U.K.), which is intended to achieve similar outcomes to the IFR/IFD.

In addition, certain regulatory requirements and proposals in the EU and U.K. intended to enhance protection for retail investors and impose additional obligations on the distribution of certain products to retail investors may impose additional costs on our operations and limit our ability to access capital from retail investors in such jurisdictions.

It is expected that additional laws and regulations will come into force in the EEA, the EU, the U.K. and other countries in which we operate over the coming years. These laws and regulations may affect our costs and manner of conducting business in one or more markets, the risks of doing business, the assets that we manage or advise, and our ability to raise capital from investors. Any failure by us to comply with either existing or new laws or regulations could have a material adverse effect on our business, financial condition and results of operations.

***A 1% U.S. federal excise tax could be imposed on us in connection with redemptions.***

On August 16, 2022, the IRA was signed into federal law. The IRA provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases (including redemptions) of stock by publicly traded U.S. corporations and certain other persons (a “covered corporation”). Because we are a Delaware corporation and our securities are trading on the Nasdaq, we are a “covered corporation” for this purpose. The excise tax is imposed on the repurchasing corporation itself, not its stockholders from which shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of Treasury has been given authority to provide regulations and other guidance to carry out, and prevent the abuse or avoidance of the excise tax. Our board of directors has approved a share repurchase plan that may be used to repurchase shares of the GCMG’s outstanding Class A common stock and warrants in an amount up to \$140 million. Any repurchases of our stock or other transactions covered by the excise tax described above are potentially subject to this excise tax, which could increase our costs and adversely affect our operating results.

***Federal, state and foreign anti-corruption and sanctions laws create the potential for significant liabilities and penalties and reputational harm.***

We are also subject to a number of laws and regulations governing payments and contributions to political persons or other third parties, including restrictions imposed by the Foreign Corrupt Practices Act (“FCPA”) as well as trade sanctions and export control laws administered by the Office of Foreign Assets Control (“OFAC”), the U.S. Department of Commerce and the U.S. Department of State. The FCPA is intended to prohibit bribery of foreign governments and their officials and political parties, and requires public companies in the United States to keep books and records that accurately and fairly reflect those companies’ transactions. OFAC, the U.S. Department of Commerce and the U.S. Department of State administer and enforce various export control laws and regulations, including economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. These laws and regulations relate to a number of aspects of our business, including servicing existing fund investors, finding new fund investors, and sourcing new investments, as well as activities by the portfolio companies in our investment portfolio or other controlled investments.

Similar laws in non-U.S. jurisdictions, such as EU sanctions or the U.K. Bribery Act, as well as other applicable anti-bribery, anti-corruption, anti-money laundering, or sanction or other export control laws in the U.S. and abroad, may also impose stricter or more onerous requirements than the FCPA, OFAC, the U.S. Department of Commerce and the U.S. Department of State, and implementing them may disrupt our business or cause us to incur significantly more costs to comply with those laws. Different laws may also contain conflicting provisions, making compliance with all laws more difficult. If we fail to comply with these laws and regulations, we could be exposed to claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could materially and adversely affect our business, results of operations and financial condition. In addition, we may be subject to successor

liability for FCPA violations or other acts of bribery, or violations of applicable sanctions or other export control laws committed by companies in which we or our funds invest or which we or our funds acquire. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with the FCPA and other anti-corruption, sanctions and export control laws in jurisdictions in which we operate, such policies and procedures may not be effective to prevent violations. Any determination that we have violated the FCPA or other applicable anti-corruption, sanctions or export control laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business, financial condition and results of operations.

***Misconduct by our employees, advisors or third-party service providers could harm us by impairing our ability to attract and retain clients and subjecting us to significant legal liability and reputational harm.***

Our employees, advisors or third-party service providers could engage in misconduct that adversely affects our business. We are subject to a number of laws, obligations and standards arising from our business and our discretionary authority over the assets we manage. The violation of these laws, obligations and standards by any of our employees, advisors or third-party service providers would adversely affect our clients and us by subjecting us to, among other things, civil and criminal penalties or material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence. Our business often requires that we deal with confidential matters of great significance to companies and funds in which we may invest for our clients. If our employees, advisors or third-party service providers were to engage in fraudulent activity, violate regulatory standards or improperly use or disclose sensitive or confidential information, we could be subject to legal or regulatory action and suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to detect or deter misconduct, and the precautions we take that seek to detect and prevent undesirable activity may not be effective. In addition, allowing employees to work remotely may require us to develop and implement additional precautions in order to detect and prevent employee misconduct. Such additional precautions, which may include implementation of security and other restrictions, may make our systems more difficult and costly to operate and may not be effective in preventing employee misconduct in a remote work environment. If one of our employees, advisors or third-party service providers were to engage in misconduct or were to be accused of misconduct, our reputation and our business, financial condition and results of operations could be materially and adversely affected.

***We may face damage to our professional reputation and legal liability if our services are not regarded as satisfactory or for other reasons.***

As a financial services firm, we depend to a large extent on our relationships with our clients and our reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses.

In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial advisors has been increasing. Our asset management and advisory activities may subject us to the risk of significant legal liabilities to our clients and third parties, including our clients' stockholders or beneficiaries, under securities or other laws and regulations for materially false or misleading statements made in connection with securities and other transactions. We make investment decisions on behalf of our clients that could result in substantial losses. Any such losses also may subject us to the risk of legal and regulatory liabilities or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. We may incur significant legal expenses in defending litigation. In addition, negative publicity and press speculation about us, our investment activities or the private markets in general, whether or not based in truth, or litigation or regulatory action against us or any third-party managers recommended by us or involving us may tarnish our reputation and harm our ability to attract and retain clients. Also, events that damage the reputation of our industry generally, such as highly publicized incidents of fraud or other scandals, could have a material adverse effect on our business, regardless of whether any of these events directly relate to our funds and accounts. The pervasiveness of social media and electronic communications and the increasing prevalence of artificial intelligence could also lead to faster and wider dissemination of any adverse publicity or inaccurate information about us, making effective remediation more difficult and further magnifying the reputational risks associated with negative publicity. Substantial legal or regulatory liability could have a material adverse effect on our business, financial condition and results of operations or cause significant reputational harm to us, which could seriously harm our business.



***Our failure or inability to obtain, maintain, protect and enforce our trademarks, service marks and other intellectual property rights could adversely affect our business, including the value of our brands.***

We own certain common-law trademark rights in the United States, as well as numerous trademark and service mark registrations in the United States and in other jurisdictions. Despite our efforts to obtain, maintain, protect and enforce our trademarks, service marks and other intellectual property rights, there can be no assurance that these protections will be available in all cases, and our trademarks, service marks or other intellectual property rights could be challenged, invalidated, declared generic, circumvented, infringed or otherwise violated. For example, competitors may adopt service names similar to ours, or purchase our trademarks and confusingly similar terms as keywords in Internet search engine advertising programs, thereby impeding our ability to build brand identity and possibly leading to confusion in the marketplace. The value of our intellectual property could also diminish if others assert rights in or ownership of our trademarks, service marks and other intellectual property rights, or trademarks or service marks that are similar to ours. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark or service mark owners who have prior rights to our trademarks and service marks or to similar trademarks and service marks. In addition, there could be potential trade name, service mark or trademark infringement claims brought by owners of other registered trademarks or service marks, or trademarks or service marks that incorporate variations of our trademarks or service marks. During trademark and service mark registration proceedings, we may receive rejections of our applications by the United States Patent and Trademark Office or in other foreign jurisdictions. Additionally, opposition, invalidation or cancellation proceedings have been and may in the future be filed against our trademark or service mark applications and registrations, and our trademarks and service marks may not survive such proceedings. While we may be able to continue the use of our trademarks and service marks in the event registration is not available, particularly in the United States, where such rights are acquired based on use and not registration, third parties may be able to enjoin the continued use of our trademarks or service marks if such parties are able to successfully claim infringement in court. In the event that our trademarks or service marks are successfully challenged, we could be forced to rebrand our products, services or business, which could result in loss of brand recognition and could require us to devote resources towards advertising and marketing new brands. Over the long term, if we are unable to establish name recognition based on our trademarks and service marks, then we may not be able to compete effectively. Any claims or customer confusion related to our trademarks and service marks could damage our reputation and brand and substantially harm our business, liquidity, financial condition and results of operations.

We may be required to protect our trademarks, service marks and other intellectual property rights in an increasing number of jurisdictions, a process that is expensive and may not be successful, or which we may not pursue in every location. The laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the U.S. Accordingly, we may choose not to seek protection in certain countries, and we will not have the benefit of protection in such countries. Moreover, any changes in, or unexpected interpretations of, intellectual property laws in any jurisdiction may compromise our ability to obtain, maintain, protect and enforce our intellectual property rights. The protective actions that we take, however, may not be sufficient, in some jurisdictions, to secure our trademark and service mark rights for some of the goods and services that we offer or to prevent imitation by others, which could adversely affect the value of our trademarks and service marks or cause us to incur litigation costs, or pay damages or licensing fees to a prior user or registrant of similar intellectual property. Moreover, policing our intellectual property rights is difficult, costly and may not always be effective.

From time to time, legal action by us may be necessary to enforce or protect our intellectual property rights, including our trade secrets, to determine the validity and scope of the intellectual property rights of others or to defend against claims of infringement, misappropriation, other violation or invalidity. Even if we are successful in defending our claims, litigation could result in substantial costs and diversion of resources and could negatively affect our business, reputation, results of operations and financial condition. To the extent that we seek to enforce our rights, we could be subject to claims that an intellectual property right is invalid, otherwise not enforceable, or is licensed to or not infringed or otherwise violated by the party against whom we are pursuing a claim. In addition, our assertion of intellectual property rights may result in the other party seeking to assert alleged intellectual property rights or assert other claims against us, which could harm our business. If we are not successful in defending such claims in litigation, we may not be able to use, sell or license a particular product or offering due to an injunction, or we may have to pay damages that could, in turn, harm our results of operations. Our inability to enforce our intellectual property rights under these circumstances may harm our competitive position and our business.

***Our inability to obtain adequate insurance could subject us to additional risk of loss or additional expenses.***

We may not be able to obtain or maintain sufficient insurance on commercially reasonable terms or with adequate coverage levels against potential liabilities we may face in connection with potential claims, which could have a material adverse effect on our business. We may face a risk of loss from a variety of claims, including those related to securities, antitrust, contracts, cybersecurity, fraud, compliance with laws and various other issues, whether or not such claims are valid.



Insurance and other safeguards might only partially reimburse us for our losses, if at all, and if a claim is successful and exceeds or is not covered by our insurance policies, we may be required to pay a substantial amount in respect of such successful claim. Certain losses of a catastrophic nature, such as public health crises, wars, earthquakes, typhoons, terrorist attacks or other similar events, may be uninsurable or may only be insurable at rates that are so high that maintaining coverage would cause an adverse impact on our business, in which case we may choose not to maintain such coverage.

***Another pandemic or global health crisis like the COVID-19 pandemic may adversely impact our business, financial condition and results of operations.***

In response to the COVID-19 pandemic, many countries took measures to limit the spread of the virus, including instituting quarantines or lockdowns, imposing travel restrictions and vaccination mandates for certain workers or activities and limiting operations of certain non-essential businesses. Such restrictions adversely impacted global commercial activity and contributed to significant disruption and uncertainty in the global financial markets, resulting in increased volatility in equity prices, supply chain disruptions and an increase in inflationary pressures, among other things. A widespread recurrence of COVID-19, or the occurrence of another pandemic or global health crisis, could increase the possibility of periods of increased restrictions on business operations, which may adversely impact our business, financial condition, results of operations, liquidity and prospects materially and exacerbate many of the other risks discussed in this Annual Report on Form 10-K.

It is not possible to predict with certainty the possible future business and economic ramifications arising from a widespread reoccurrence of COVID-19 or the occurrence of another pandemic or global health crisis, but such events could: (i) restrict our ability to easily travel and meet with prospective and current clients in person (which inhibits building and strengthening our relationships with them); (ii) impede our ability to market our funds and attract new business (which may result in lower or delayed revenue growth); (iii) restrict our ability to conduct on-site due diligence as may be appropriate for a potential investment (which can impede the identification of investment risks); (iv) cause a slowdown in fundraising activity (which could result in delayed or decreased management fees); (v) cause a slowdown in our deployment of capital (which could adversely affect our revenues and our ability to raise capital for new or successor funds); (vi) limit the ability of general partners to exit existing investments (which could decrease incentive fee revenue); and (vii) adversely impact our liquidity and cash flows due to declines in revenues. Further, our funds could be invested in industries that are materially impacted, and companies in those industries could suffer materially, become insolvent or cease operations altogether, any of which would decrease the value of investments and/or cause significant volatility in valuations.

In addition, a pandemic or global health crisis may pose enhanced operational risks. For example, our employees may become sick or otherwise unable to perform their duties for an extended period, which may cause us to experience a loss of productivity or a delay in the implementation of strategic plans. In addition to any potential impact of extended illness on our operations, we may be exposed to the risk of litigation by our employees against us for, among other things, failure to take adequate steps to protect their well-being. Local laws may also be subject to rapid change, which can lead to confusion, make compliance with new laws uncertain and subject us to additional increased litigation risks. Extended public health restrictions and remote working arrangements may also impact employee morale, integration of new employees and preservation of our culture. Remote working environments may also be less secure and more susceptible to hacking attacks. Moreover, our third party service providers could be impacted by an inability to perform due to pandemic-related restrictions or by failures of, or attacks on, their technology platforms.

We believe that the adverse impact on our business, financial condition and results of operations of another pandemic or global health crisis like COVID-19 will be significantly driven by a number of factors that we are unable to predict or control, including, for example: the severity and duration of the health crisis; the emergence and spread of disease; the health crisis's impact on the U.S. and global economies; the timing, scope and effectiveness of additional governmental responses to the health crisis; the timing and path of economic recovery; and the negative impact on our clients, counterparties, vendors and other business partners that may indirectly adversely affect us.

## Risks Related to Our Funds

*Difficult market, geopolitical and economic conditions can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our funds, reducing the number of high-quality investment managers with whom we may invest, and reducing the ability of our funds to raise or deploy capital, each of which could materially reduce our revenues, earnings and cash flow and materially and adversely affect our business, financial condition and results of operations.*

Our business can be materially affected by difficult financial market and economic conditions and events throughout the world that are outside our control, including current high and rising interest rates, high inflation, economic recession risk, regional and international bank failures, reduced availability of credit, changes in laws, trade barriers, commodity prices, currency exchange rates, natural disasters, climate change, pandemics or other severe public health crises, terrorism, political hostilities, civil disturbances, war or the threat of war. These factors may affect the level and volatility of securities prices and the liquidity and value of investments, and we may not be able to or may choose not to manage our exposure to them. The global financial markets continue to experience volatility and disruption. In the U.S., the Federal Reserve's increases in interest rates to address record inflation have contributed to volatility in the debt and equity markets, and investments in many industries have experienced significant volatility as a result of economic and political events and geopolitical tensions (including those between the U.S. and China, Russia and Ukraine and in the Middle East) in or affecting the world's major economies over the last several years. Heightened competition for workers, supply chain issues and rising energy and commodity prices have contributed to increasing wages and other inputs. Inflation and higher input costs may put pressure on the profit margins of portfolio companies within our funds and accounts, particularly where pricing power is lacking. There can be no assurance further initiatives taken by governmental authorities designed to strengthen and stabilize the economy and financial markets will be successful or whether they will lead to a recession, and there is no way to predict the ultimate impact of the disruption or the effect that these initiatives will have on the performance of our funds. Adding to the strain on the economy is war and conflict in Russia and Ukraine and in the Middle East, which creates market uncertainty, and the failure of certain banks in the U.S. and elsewhere, which creates bank-specific and broader financial institution liquidity risk concerns. Future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market-wide liquidity shortages and could have a negative impact on the economy and business activity globally, and therefore could adversely affect the performance of our business. Furthermore, any new or incremental regulatory measures for the U.S. financial services industry may increase costs and create regulatory uncertainty and additional competition for our products. In addition, if the U.S. were to default on its debt, the negative ramifications on the U.S. and global economies could be unprecedented and long-lasting and may dramatically exacerbate the risks highlighted here and elsewhere in this Annual Report on Form 10-K.

Our funds have been affected by reduced opportunities to exit and realize value from their investments and by the fact that they may not be able to find suitable investments in which to effectively deploy capital. During periods of difficult market conditions or slowdowns in a particular sector, companies in which our funds invest may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased funding costs. During such periods, these companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due. In addition, during periods of adverse economic conditions, our funds may have difficulty accessing financial markets, which could make it more difficult or impossible for them to obtain funding for additional investments and harm their assets under management and results of operations. A general market downturn, or a specific market dislocation, may result in lower investment returns for our funds, which would adversely affect our revenues. Furthermore, such conditions could also increase the risk of default with respect to investments held by our funds that have significant debt investments.

In addition, our ability to find high-quality investment managers with whom we may invest could become exacerbated in deteriorating or difficult market environments. Any such occurrence could delay our ability to invest capital, lead to lower returns on invested capital and have a material adverse effect on our business, financial condition and results of operations.

Market deterioration has caused us, our funds and the investments made by our funds to experience tightening of liquidity, reduced earnings and cash flow, and impairment charges, as well as challenges in raising and deploying capital, obtaining investment financing and making investments on attractive terms. These market conditions can also have an impact on our ability and the ability of our funds and the investments made by our funds to liquidate positions in a timely and efficient manner. To the extent periods of volatility are coupled with lack of realizations from clients' existing private markets portfolios, such clients may be left with disproportionately outsized remaining commitments, which significantly limits their ability to make new commitments.

Our business could generate lower revenues in a general economic downturn or a tightening of global credit markets. A general economic downturn or tightening of global credit markets may result in reduced opportunities to find suitable investments and make it more difficult for us, or for the funds in which we and our clients invest, to exit and realize value from existing investments, potentially resulting in a decline in the value of the investments held in our clients' portfolios, leading to a decrease in incentive fee revenue. Any reduction in the market value of the assets we manage will not likely be reported until one or more quarters after the end of the applicable performance period due to an inherent lag in the valuation process of private markets investments. This can result in a mismatch between stated valuation and current market conditions and can lead to delayed revelations of changes in performance and, therefore, delayed effects on our clients' portfolios. If our clients reduce their commitments to make investments in private markets in favor of investments they perceive as offering greater opportunity or lower risk, our revenues or earnings could decline as a result of lower fees being paid to us. Further, if, due to the lag in reporting, their decision to do so is made after the initial effects of a market downturn are felt by the rest of the economy, the adverse effect we experience as a result of that decision could likewise adversely affect our business, financial condition and results of operations on a delayed basis.

Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame sufficient to match any decreases in revenues relating to changes in market and economic conditions. This risk may be further exacerbated if, as a result of poor fund performance or difficult market and fundraising environments, investors and clients negotiate lower fee or fee concessions that are materially less favorable to us than our desired fee structure. If our revenues decline without a commensurate reduction in our expenses, our earnings will be reduced. Accordingly, difficult market conditions could have a material adverse effect on our business, financial condition and results of operations.

***Inflation may adversely affect the business, results of operations and financial condition of our funds and their investments.***

Certain of our funds and their investments operate in industries that have been impacted by inflation. Recent inflationary pressures have increased the costs of labor, energy and raw materials and have adversely affected consumer spending, economic growth and our funds' portfolio companies' operations. If such portfolio companies are unable to pass any increases in the costs of their operations along to their customers, it could adversely affect their operating results. Such conditions would increase the risk of default on their obligations as a borrower. In addition, any projected future decreases in the operating results of our funds' portfolio companies due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our funds' investments could result in future realized or unrealized losses.

***Increased interest rates could have a material adverse effect on our business and that of our funds' portfolio companies.***

Increased interest rates have had and could continue to have a dampening effect on overall economic activity, the financial condition of our investors and the financial condition of the end customers who ultimately create demand for the capital we supply, all of which could negatively affect demand for our funds' capital. The Federal Reserve increased the federal funds rate throughout 2022 and 2023, and the rate and timing of additional changes is uncertain. Such increases and uncertainty surrounding interest rates can make it difficult for us to obtain financing at attractive rates, and impact our ability to execute on our growth strategies or future acquisitions, which could have a material adverse effect on our business, financial condition and results of operations.

***If the investments we make on behalf of our funds perform poorly, we may suffer a decline in our revenues and earnings, and our ability to raise capital for future funds may be materially and adversely affected.***

Our revenues are derived from fees earned for our management of our funds, incentive fees, or carried interest, with respect to certain of our funds, and monitoring and reporting fees. In the event that our funds perform poorly, our revenues and earnings derived from incentive fees and carried interest will decline, and it will be more difficult for us to raise capital for new funds or gain new or retain current clients in the future. In addition, the risk of clawback can occur as a result of diminished investment performance. If we are unable to repay the amount of the clawback, we would be subject to liability for a breach of our contractual obligations. If we are unable to raise or are required to repay capital, our business, financial condition and results of operations would be materially and adversely affected.

The historical performance of our funds should not be considered indicative of the future performance of these funds or of any future funds we may raise, in part because:

- market conditions and investment opportunities during previous periods may have been significantly more favorable for generating positive performance than those we may experience in the future;

- the performance of our funds that distribute carried interest is generally calculated on the basis of the net asset value of the funds' investments, including unrealized gains, which may never be realized and therefore never generate carried interest;
- our historical returns derive largely from the performance of our earlier funds, whereas future fund returns will depend increasingly on the performance of our newer funds or funds not yet formed;
- our newly established closed-ended funds may generate lower returns during the period that they initially deploy their capital;
- competition continues to increase for investment opportunities, which may reduce our returns in the future;
- the performance of particular funds also will be affected by risks of the industries and businesses in which they invest; and
- we may create new funds that reflect a different asset mix and new investment strategies, as well as a varied geographic and industry exposure, compared to our historical funds, and any such new funds could have different returns from our previous funds.

***The success of our business depends on the identification and availability of suitable investment opportunities for our clients.***

Our success largely depends on the identification and availability of suitable investment opportunities for our clients, and in particular the success of underlying funds in which our funds invest. The availability of investment opportunities will be subject to market conditions and other factors outside of our control and the control of the investment managers with which we invest for our funds. Past returns of our funds have benefited from investment opportunities and general market conditions that may not continue or reoccur, including favorable borrowing conditions in the debt markets during such historical periods, and there can be no assurance that our funds or the underlying funds in which we invest for our funds will be able to avail themselves of comparable opportunities and conditions, particularly in light of recent rising interest rates and other market conditions. There can also be no assurance that the underlying funds we select will be able to identify sufficient attractive investment opportunities to meet their investment objectives.

***Competition for access to investment funds and other investments we make for our clients is intense.***

We seek to maintain excellent relationships with investment managers of investment funds, including those in which we have previously made investments for our clients and those in which we may in the future invest, as well as sponsors of investments that might provide co-investment opportunities in portfolio companies alongside the sponsoring fund manager. However, because of the number of investors seeking to gain access to investment funds and co-investment opportunities managed or sponsored by the top performing fund managers, there can be no assurance that we will be able to secure the opportunity to invest on behalf of our clients in all or a substantial portion of the investments we select, or that the investment opportunities available to us will be the size we desire. Access to secondary investment opportunities is also highly competitive and is often controlled by a limited number of general partners, fund managers and intermediaries.

***The due diligence process that we undertake in connection with investments may not reveal all facts that may be relevant in connection with an investment.***

Before investing the assets of our funds, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, technological, environmental, social, governance and legal and regulatory issues. Outside consultants, legal advisors and accountants may be involved in the due diligence process in varying degrees depending on the type of investment and the parties involved. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the information available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations, and such an investigation will not necessarily result in the investment ultimately being successful. Moreover, the due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts or risks that are necessary or helpful in evaluating such investment opportunity. For example, instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect and may be more widespread in certain jurisdictions.

In addition, a substantial portion of our funds invest in underlying funds, and therefore we are dependent on the due diligence investigation of the underlying investment manager of such funds. We have little or no control over their due diligence process, and any shortcomings in their due diligence could be reflected in the performance of the investment we make

with them on behalf of our clients. Poor investment performance could lead clients to terminate their agreements with us and/or result in negative reputational effects, either of which could have a material adverse effect on our business, financial condition and results of operations.

***Dependence on leverage by certain funds, underlying investment funds and portfolio companies subjects us to volatility and contractions in the debt financing markets and could adversely affect the ability of our funds to achieve attractive rates of return on their investments.***

Many of the funds we manage, the funds in which we invest and portfolio companies within our funds and customized separate accounts currently rely on credit facilities either to facilitate efficient investing or for speculative purposes. While interest rates have historically been low, various economic factors have recently resulted in a significant increase in interest rates and the rate of inflation, and may also reduce credit availability, all of which may adversely affect the ability of our funds to achieve attractive rates of return and adversely affect the value of our carried interest. Our funds and the companies in which our funds invest raise capital in the structured credit, leveraged loan and high yield bond markets. If elevated interest rates persist or further increase or credit markets experience continued or increasing dislocations, contractions or volatility, our funds' results of operations, and in turn ours, will suffer. Any such events could adversely impact our funds' ability to invest efficiently, and may impact the returns of our funds' investments.

The absence of available sources of sufficient debt financing for extended periods of time or an increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness would make it more expensive to finance those investments, and, in the case of rising interest rates, decrease the value of fixed-rate debt investments made by our funds. Certain investments may also be financed through fund-level credit facilities, which may or may not be available for refinancing at the end of their respective terms. Further, the cost of borrowing may not be covered by the appreciation of the assets in the investment, which could be exacerbated in difficult market conditions and adversely impact our revenues. Finally, limitations on the deductibility of interest expense on indebtedness used to finance our funds' investments reduce the after-tax rates of return on the affected investments and make it more costly to use debt financing. Any of these factors may have an adverse impact on our business, results of operations and financial condition.

Similarly, private markets funds' portfolio companies regularly utilize the corporate debt markets to obtain additional financing for their operations. The leveraged capital structure of such businesses increases the exposure of the funds' portfolio companies to adverse economic factors such as rising interest rates, financial institution risks, downturns in the economy or deterioration in the condition of such business or its industry. Any adverse impact caused by the use of leverage by portfolio companies in which we directly or indirectly invest could in turn adversely affect the returns of our funds.

***Inability by certain vehicles we organize to obtain and maintain specified credit ratings and changes by regulators to the risk-based capital treatment of investments in the securities issued by these vehicles may impact our ability to establish and maintain such vehicles in a manner that remains attractive to certain regulated parties.***

Certain vehicles we organize to invest in our funds issue notes that are rated by one or more nationally recognized statistical rating organizations ("NRSROs") and that are offered to, among others, insurance companies that may be subject to standards set by the National Association of Insurance Commissioners ("NAIC") or state insurance regulatory authorities. There are only a few NRSROs, and not all NRSROs provide ratings for notes like those issued by the vehicles we organize. Should some or all of the NRSROs cease to offer ratings for such securities, or otherwise begin to rate such securities in a manner that is unattractive to regulated parties, then our ability to establish and maintain vehicles that issue rated notes may be reduced, perhaps materially. Relatedly, the NAIC has been evaluating ratings by NRSROs of securities of the type issued by our vehicles on the basis that the ratings may not adequately represent the risks of investments in these securities by insurance companies. Any changes by the NAIC or state insurance regulatory authorities with jurisdiction over investors in our vehicles that issue rated notes may result in higher risk-based capital charges or other adverse treatment of such investments for these regulated investors. To the extent that risk-based capital charges for securities issued by our vehicles are a relevant and material investment criterion for certain regulated investors, like insurance companies, then any increased risk-based capital charge could render investments in these securities unattractive to these investors.

***Defaults by clients and third-party investors in certain of our funds could adversely affect that fund's operations and performance.***

Our business is exposed to the risk that clients that owe us money for our services may not pay us, and investors may default on their obligations to fund their commitments. These risks could increase as a result of economic contractions, decreases in equity values and increases in interest rates or in the event of a continued economic slowdown. Also, if investors in



our funds default on their obligations to fund commitments, there may be adverse consequences on the investment process, and we could incur losses and be unable to meet underlying capital calls. For example, investors in our closed-ended funds make capital commitments to those funds that we are entitled to call from those investors at any time during prescribed periods. We depend on investors fulfilling and honoring their commitments when we call capital from them for those funds to consummate investments and otherwise pay their obligations when due. In addition, certain of our funds may utilize lines of credit to fund investments. Because interest expense and other costs of borrowings under lines of credit are an expense of the fund, the fund's net multiple of invested capital may be reduced, as well as the amount of carried interest generated by the fund. Any material reduction in the amount of carried interest generated by a fund will adversely affect our revenues.

Any investor that did not fund a capital call would be subject to several possible penalties, including having a meaningful amount of its existing investment forfeited in that fund. However, the impact of the penalty is directly correlated to the amount of capital previously invested by the investor in the fund. For instance, if an investor has invested little or no capital early in the life of the fund, then the forfeiture penalty may not be as meaningful. A failure of clients or investors to honor a significant amount of capital calls could have a material adverse effect on our business, financial condition and results of operations.

***Our failure to comply with investment guidelines set by our clients could result in damage awards against us or a reduction in AUM, either of which would cause our earnings to decline and adversely affect our business.***

Each of our funds is operated pursuant to specific investment guidelines, which, with respect to our customized separate accounts, are often established collaboratively between us and the investor in such fund. Our failure to comply with these guidelines and other limitations could result in clients terminating their relationships with us or deciding not to commit further capital to us in respect of new or different funds. In some cases, these investors could also sue us for breach of contract and seek to recover damages from us. In addition, such guidelines may restrict our ability to pursue certain allocations and strategies on behalf of our clients that we believe are economically desirable, which could similarly result in losses to a fund or termination of the fund and a corresponding reduction in AUM. Even if we comply with all applicable investment guidelines, our clients may nonetheless be dissatisfied with our investment performance or our services or fees, and may terminate their investment with us or be unwilling to commit new capital to our funds. Any of these events could cause our earnings to decline and have a material adverse effect on our business, financial condition and results of operations.

***Valuation methodologies for certain assets in our funds can be highly subjective, and the values of assets established pursuant to such methodologies may never be realized, which could result in significant losses for our funds.***

For our closed-ended funds, there are no readily ascertainable market prices for a large number of the investments in these funds or the underlying funds in which these funds invest. The value of the fund investments of our funds is determined periodically by us based in general on the fair value of such investments as reported by the underlying fund managers. Our valuation of the funds in which we invest is largely dependent upon the processes employed by the managers of those funds. The fair value of investments is determined using a number of methodologies described in the particular funds' valuation policies. These policies are based on a number of factors, including the nature of the investment, the expected cash flows from the investment, the length of time the investment has been held, restrictions on transfer and other generally accepted valuation methodologies. The value of the equity and credit investments of our funds is determined periodically by us based on reporting provided by the relevant equity sponsor and/or using independent third-party valuation firms to aid us in determining the fair value of these investments using generally accepted valuation methodologies. These may include references to market multiples, valuations for comparable companies, public or private market transactions, subsequent developments concerning the companies to which the securities relate, results of operations, financial condition, cash flows, and projections of such companies made accessible to us and such other factors that we may deem relevant. The methodologies we use in valuing individual investments are based on a variety of estimates and assumptions specific to the particular investments, and actual results related to the investment may vary materially as a result of the inaccuracy of such assumptions or estimates. In addition, because the illiquid investments held by our funds, and the underlying funds in which we invest may be in industries or sectors that are unstable, in distress, or undergoing some uncertainty, such investments are subject to rapid changes in value caused by sudden company-specific or industry-wide developments.

Because there is significant uncertainty in the valuation of, or in the stability of the value of, illiquid investments, the fair values of such investments as reflected in a fund's net asset value do not necessarily reflect the prices that would actually be obtained if such investments were sold. Realizations at values significantly lower than the values at which investments have been reflected in fund net asset values could result in losses for the applicable fund and the loss of potential incentive fees for the fund's manager and us. Also, a situation in which asset values turn out to be materially different from values reflected in fund net asset values, whether due to misinformation or otherwise, could cause investors to lose confidence in us and may, in turn, result in difficulties in our ability to raise additional capital, retain clients or attract new clients. Further, we often engage

third-party valuation agents to assist us with the valuations. It is possible that a material fact related to the target of the valuation might be inadvertently omitted from our communications with them, resulting in an inaccurate valuation.

Further, the SEC has highlighted valuation practices as one of its areas of focus in investment adviser examinations and has instituted enforcement actions against advisors for misleading investors about valuation. If the SEC were to investigate and find errors in our methodologies or procedures, we and/or members of our management could be subject to penalties and fines, which could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

***Our investment management activities may involve investments in relatively high-risk, illiquid assets, and we and our clients may lose some or all of the amounts invested in these activities or fail to realize any profits from these activities for a considerable period of time.***

The investments made by certain of our funds may include high-risk, illiquid assets. The private markets funds in which we invest capital generally invest in securities that are not publicly traded. Even if such securities are publicly traded, many of these funds may be prohibited by contract or applicable securities laws from selling such securities for a period of time. Such funds will generally not be able to sell these securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. Accordingly, the private markets funds in which we invest our clients' capital may not be able to sell securities when they desire and therefore may not be able to realize the full value of such securities. The ability of private markets funds to dispose of investments is dependent in part on the public equity and debt markets, to the extent that the ability to dispose of an investment may depend upon the ability to complete an initial public offering of the portfolio company in which such investment is held or the ability of a prospective buyer of the portfolio company to raise debt financing to fund its purchase. Furthermore, large holdings of publicly traded equity securities can often be disposed of only over a substantial period of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. Contributing capital to these funds is risky, and we may lose some or the entire amount of our funds' and our clients' investments.

The portfolio companies in which private markets funds have invested or may invest will sometimes involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in results of operations, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may be subject to extensive regulatory oversight, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may have a high level of leverage, or may otherwise have a weak financial condition.

In addition, these portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel. Portfolio companies in non-U.S. jurisdictions may be subject to additional risks, including changes in currency exchange rates, exchange control regulations, risks associated with different types (and lower quality) of available information, expropriation or confiscatory taxation and adverse political developments. In addition, during periods of difficult market conditions or slowdowns in a particular investment category, industry or region, portfolio companies may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased costs. During these periods, these companies may also have difficulty in expanding their businesses and operations and may be unable to pay their expenses as they become due. A general market downturn or a specific market dislocation will generally result in lower investment returns for the private markets funds or portfolio companies in which our funds invest, which consequently could materially and adversely affect investment returns for our funds. Furthermore, if the portfolio companies default on their indebtedness, or otherwise seek or are forced to restructure their obligations or declare bankruptcy, we could lose some or all of our investment and suffer reputational harm.

***Our funds make investments in companies that are based outside of the United States, which may expose us to additional risks not typically associated with investing in companies that are based in the United States.***

A significant amount of the investments of our funds include private markets funds that are located outside the United States or that invest in portfolio companies located outside the United States. Such non-U.S. investments involve certain factors not typically associated with U.S. investments, including risks related to:

- currency exchange matters, such as exchange rate fluctuations between the U.S. dollar and the foreign currency in which the investments are denominated, and costs associated with conversion of investment proceeds and income from one currency to another;

- differences between the U.S. and foreign capital markets, including the absence of uniform accounting, auditing, financial reporting and legal standards, practices and disclosure requirements and less government supervision and regulation;
- certain economic, social and political risks, including exchange control regulations and restrictions on foreign investments and repatriation of capital, the risks of political, economic or social instability; and
- the possible imposition of foreign taxes with respect to such investments or confiscatory taxation.

These risks could adversely affect the performance of our funds that are invested in securities of non-U.S. companies, which would adversely affect our business, financial condition and results of operations.

***Our funds may face risks relating to undiversified investments.***

We cannot give assurance as to the degree of diversification that will be achieved in any of our funds. Difficult market conditions or slowdowns affecting a particular asset class, geographic region or other category of investment could have a significant adverse impact on a given fund if its investments are concentrated in that area, which would result in lower investment returns. Accordingly, a lack of diversification on the part of a fund could adversely affect its investment performance and, as a result, our business, financial condition and results of operations.

***Our funds make investments in underlying funds and companies that we do not control.***

Investments by most of our funds will include debt instruments and equity securities of companies that we do not control. Our funds may invest through co-investment arrangements or acquire minority equity interests and may also dispose of a portion of their equity investments in portfolio companies over time in a manner that results in their retaining a minority investment. Consequently, the performance of our funds will depend significantly on the investment and other decisions made by third parties, which could have a material adverse effect on the returns achieved by our funds. Portfolio companies in which the investment is made may make business, financial or management decisions with which we do not agree. In addition, the majority stakeholders or our management may take risks or otherwise act in a manner that does not serve our interests. If any of the foregoing were to occur, the values of our investments and the investments we have made on behalf of clients could decrease and our financial condition, results of operations and cash flow could suffer as a result.

***Investments by our funds may in many cases rank junior to investments made by other investors.***

In many cases, the companies in which our funds invest have indebtedness or equity securities, or may be permitted to incur indebtedness or to issue equity securities, that rank senior to our clients' investments in our funds. By their terms, these instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of our clients' investments. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which one or more of our funds hold an investment, holders of securities ranking senior to our clients' investments would typically be entitled to receive payment in full before distributions could be made in respect of our clients' investments. After repaying senior security holders, companies may not have any remaining assets to use for repaying amounts owed in respect of our clients' investments. To the extent that any assets remain, holders of claims that rank equally with our clients' investments would be entitled to share on an equal and ratable basis in distributions that are made out of those assets. Also, during periods of financial distress or following an insolvency, our ability to influence a company's affairs and to take actions to protect investments by our funds may be substantially less than that of those holding senior interests.

***Our risk management strategies and procedures may leave us exposed to unidentified or unanticipated risks.***

Risk management applies to our investment management operations as well as to the investments we make for our funds. We have developed and continue to update strategies and procedures specific to our business for managing risks, which include market risk, liquidity risk, operational risk and reputational risk. Management of these risks can be very complex. These strategies and procedures may fail under some circumstances, particularly if we are confronted with risks that we have underestimated or not identified, including those related to difficult market or geopolitical conditions. In addition, some of our methods for managing the risks related to our clients' investments are based upon our analysis of historical private markets behavior. Statistical techniques are applied to these observations in order to arrive at quantifications of some of our risk exposures. Historical analysis of private markets returns requires reliance on valuations performed by fund managers, which may not be reliable measures of current valuations. These statistical methods may not accurately quantify our risk exposure if circumstances arise that were not observed in our historical data. In particular, as we enter new lines of business or offer new

products, our historical data may be incomplete. Failure of our risk management techniques could have a material adverse effect on our business, financial condition and results of operations, including our right to receive incentive fees.

***We are subject to increasing and diverging scrutiny from clients, investors, regulators elected officials, stockholders and other stakeholders or third parties with respect to Sustainable and Impact investing matters, which may constrain investment opportunities, adversely impact our ability to raise capital, and result in increased costs or otherwise adversely affect us.***

In recent years, our business has been subject to increasing scrutiny from clients, investors, regulators, elected officials, stockholders and other stakeholders with respect to Sustainable and Impact investing matters. Clients and investors, including U.S. public pension funds and certain non-U.S. investors, have placed increasing importance on impacts of investments made by the funds to which they invest or commit capital, including with respect to Sustainable and Impact investing matters. Certain investors have also demonstrated increased concern with respect to existing investments, including by urging asset managers to take certain actions that could adversely affect the value of an investment, or refrain from taking certain actions that could improve the value of an investment. We may also be subject to competing demands or scrutiny from different clients, investors and other stakeholders or third parties with divergent views on Sustainable and Impact investing matters, including their roles in the investment process. Our clients may decide to redeem or withdraw previously committed capital from our funds (where such withdrawal is permitted) or to not invest or commit capital to future funds based on their assessment of how we approach and consider the cost of these investments and whether the return-driven objectives of our funds align with their investment priorities. As part of their increased focus on the allocation of their capital to environmentally sustainable economic activities, certain clients and investors have also begun to request or require data and/or use third-party benchmarks and ratings to allow them to monitor the impact of their investments. To the extent our access to capital from investors, including public pension funds, is impaired, we may not be able to maintain or increase the size of our funds or raise sufficient capital for new funds, which may adversely impact our revenues.

The transition to sustainable finance accelerates existing risks and raises new risks for our business that may impact our profitability and success. In particular, Sustainable and Impact investing matters have been the subject of increased focus by certain regulators, including in the U.S. and the EU, particularly with respect to the accuracy of statements made regarding practices, initiatives and investment strategies. The SEC has established an enforcement taskforce to examine sustainable investing practices and disclosures by public companies and investment managers and identify inaccurate or misleading statements, often referred to as “greenwashing.” There have been enforcement actions relating to sustainable investing disclosures and policies and procedures failures, and we expect that there will be a greater level of enforcement activity in this area in the future. The SEC has focused on the labeling by funds of their activities or investments as “sustainable” and examined the methodology used for determining such investments, with a focus on whether such labeling is misleading. The SEC has also proposed rules for investment advisers that address, among other things, enhanced sustainable investment-related disclosure requirements (which rules may be finalized in 2024), including requiring funds that integrate sustainability factors into their investment strategies to provide enhanced disclosures regarding sustainable investing strategies, how environmental factors (including greenhouse gas emissions) are integrated into investment decision-making, how funds engage with portfolio companies on sustainability matters and, require funds that make sustainability factors a significant or primary consideration in investment decisions, subject to certain exceptions, to report on portfolio company greenhouse gas emissions, including carbon footprint and weighted average carbon intensity. Additionally, in 2022 the SEC proposed extensive rules aimed at enhancing and standardizing climate-related disclosures in an effort to foster greater consistency, comparability and reliability of climate-related information. The proposal, if adopted, would require domestic registrants and foreign private issuers to include certain climate-related information in their registration statements and annual reports, including data regarding greenhouse gas emissions and information regarding climate-related risks and opportunities and related financial impacts, governance, and strategy. Although the ultimate date of effectiveness and the final form and substance of the requirements for the proposed rule is not yet known and the ultimate scope and impact on our business is uncertain, compliance with the proposed rule, if finalized, may result in increased legal, accounting and financial compliance costs and may make certain activities more difficult, time-consuming and costly. In September 2023, the SEC adopted amendments to Rule 35d-1 (the Names Rule) that expands the Names Rule to require that any fund whose name includes terms suggesting that the fund focuses on investments that have, or whose issuers have, particular characteristics, have an 80% investment policy. In addition, in October 2020, the DOL finalized a rule intended to clarify the fiduciary requirements for investment managers of “plan assets” considering non-pecuniary factors (including sustainability) when investing. In November 2022, the DOL released a final rule related to fiduciary requirements for ERISA plan fiduciaries when considering sustainability factors in selecting investments, clarifying that fiduciaries may consider climate change and other factors when they make investment decisions. Main portions of this rule took effect on February 1, 2023. On January 26, 2023, attorneys general of twenty-five states and three private parties filed suit in an attempt to block the rule. In September 2023, a federal district court dismissed the case, ruling in favor of the DOL and its authority to adopt the rule, which decision has been appealed. We cannot predict the outcome of this lawsuit challenging the DOL rule, as well as another pending lawsuit challenging the rule from two Wisconsin-based 401(k) plan participants. While the rule is designed in



part to address fiduciary duty-related uncertainties for U.S. pension plans subject to ERISA when investing in funds that have a sustainability component, it is unclear whether the rule will provide sufficient certainty for U.S. pension plans in connection with investment decision-making associated with funds that have a sustainability component.

The European Commission has initiated legislative reforms, which include, without limitation: (a) Regulation 2019/2088 (Sustainable Finance Disclosure Regulation) regarding the introduction of transparency and disclosure obligations for investors, funds and asset managers in relation to sustainability factors, for which most rules took effect beginning in March 2021 and which is currently under review with expected updates in the future; (b) Regulation 2020/852 (Taxonomy Regulation) regarding the introduction of an EU-wide taxonomy of environmentally sustainable activities, which began to take effect in a staggered approach beginning in January 1, 2022; (c) amendments to existing regulations including MiFID II and AIFMD to embed sustainability requirements; and (d) Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive) regarding corporate sustainability reporting, which directive took effect beginning in January 2023. As a result of these legislative initiatives, we are required to provide additional disclosure to investors in our EU funds and funds marketed in the EU with respect to sustainability matters, depending on the extent to which the fund promotes environmental and / or social characteristics, or adopts as an objective, sustainability. This may expose us to increased disclosure risks, for example due to a lack of available or credible data, and the potential for conflicting disclosures may also expose us to an increased risk of misstatement litigation or misselling allegations. Failure to manage these risks could result in a material adverse effect on our business in a number of ways. In addition, proposed guidelines in the EU, which are expected to be adopted upon entry into force of AIFMD II, would require any fund whose name includes sustainable investing related terminology to have a minimum proportion of at least 80% of its investments used to meet the environmental or social characteristics of the fund, and if the fund has the word “sustainable” or any other term derived from the word “sustainable” in its name, at least 50% of its investments would be required to be in “sustainable investments” as defined under the Sustainable Finance Disclosure Regulation. While these sustainable investing legislative developments at EU level will no longer have legal effect in the U.K. as a result of Brexit, they may, nevertheless, inform the U.K. government’s current developing legislative approach in relation to sustainable investing and the disclosure requirements applicable to our U.K. regulated entities. In November 2023, the U.K. Financial Conduct Authority published final rules on its Sustainable Disclosure Requirements (“SDR”), introducing new rules and guidance for asset managers to make mandatory disclosures at both the manager and product levels, which aim to address potential greenwashing risks through the introduction of sustainable investment labels, disclosure requirements and restrictions on the use of sustainability-related terms in product naming and marketing, as well as through the introduction of disclosures consistent with the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (“TCFD”). The FCA has stated that it intends to further expand the SDR and labelling rules in the future. Further, the U.K. is expected to create U.K. Sustainability Disclosure Standards (“UK SDS”) based on the sustainable disclosure standards developed by the International Sustainability Standards Board (“ISSB”). In the likely event that divergent sustainable investing disclosure obligations arise between the U.S., U.K. and the EU, this may also present an increased compliance risk if we are required to comply with different regulatory standards.

The complexity of the global regulatory framework with respect to Sustainable and Impact investing matters increases the risk that any act or lack thereof with respect to these matters will be perceived negatively by a governmental authority or regulator. A lack of harmonization globally and within jurisdictions in relation to sustainable investing legal and regulatory reform leads to a risk of fragmentation in group level priorities as a result of the different pace of sustainability transition across global jurisdictions. Further, conflicting sustainable investing policies within jurisdictions, such as between federal and some state policies in the U.S., is leading to a complex and fragmented regulatory environment, which may be difficult to navigate. For instance, in recent years, several U.S. states and local governments have enacted (or proposed) rules specifically addressing considerations of sustainable investing factors by state and local government retirement funds. In contrast to the DOL’s rule described above, many of these state rules have taken more aggressive positions, divided between those that are explicitly in favor of sustainable investments and those that are against such investments. This may create conflicts across our global business which could risk inhibiting our future implementation of, and compliance with, rapidly developing standards and requirements. Failure to keep pace with sustainability transition could impact our competitiveness in the market and damage our reputation resulting in a material adverse effect on our business. In addition, failure to comply with applicable legal and regulatory changes in relation to sustainable investing matters may attract increased regulatory scrutiny of our business, and could result in fines and/or other sanctions being levied against us.

We may consider Sustainable Investing and Impact factors in connection with investments for certain of our funds, and certain of our funds are constructed with specific Sustainable Investing or Impact components. Sustainable and Impact investing factors are not universally agreed upon or accepted by investors, and our consideration of these factors or construction of specific Sustainable Investing or Impact funds could attract opposition from certain segments of our existing and potential investor base. Any actual opposition to our consideration of Sustainable Investing or Impact factors could impact our ability to maintain or raise capital for our funds, which may adversely impact our revenues. In addition, if regulators, which are



increasingly focused on sustainable investment matters, disagree with the procedures or standards we use for Sustainable and Impact investing, or new regulation or legislation requires a methodology of measuring or disclosing the impact that is different from our current practice, our business and reputation could be adversely affected.

***Climate change, climate change-related regulation and sustainability concerns could adversely affect our business and the operations of portfolio companies in which our funds invest, and any actions we take or fail to take in response to such matters could damage our reputation.***

We, our funds and our funds' portfolio companies face risks associated with climate change including risks related to the impact of climate- and sustainability-related legislation and regulation (both domestically and internationally), risks related to technology and climate change-related business trends (such as the process for transitioning to a lower-carbon economy) and risks stemming from the physical impacts of climate change.

New climate change-related rules and regulations or interpretations of existing laws may result in enhanced disclosure obligations, which could negatively affect us, our funds and portfolio companies in which they invest and materially increase the regulatory burden and cost of compliance. For example, developing and acting on sustainability initiatives, and collecting, measuring and reporting sustainable investing-related information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC's proposed climate-related reporting requirements, which would seek to categorize certain types of sustainable investing strategies and require investment funds and advisers to provide disclosure based on the sustainable investing strategies they pursue, the EU's CSRD and the U.K.'s and other jurisdictions' expected adoption of the ISSB sustainability disclosure standards, and similar proposals by other non-U.S. regulatory bodies. Further, the SEC proposed rules that, if enacted, would require certain climate-related disclosures by public companies, including disclosure of financed emissions, an extensive and complex category of emissions that is difficult to calculate accurately and for which there is currently no agreed measurement standard or methodology. We may also communicate certain climate-related initiatives, commitments and goals in our SEC filings or other disclosures, which subjects us to additional risks, including the risk of being accused of "greenwashing."

Certain portfolio companies in which our funds invest operate in sectors that could face transition risk if carbon-related regulations or taxes are implemented. For certain of these portfolio companies, business trends related to climate change may require capital expenditures, product or service redesigns, and changes to operations and supply chains to meet changing customer expectations. While this can create opportunities, not addressing these changed expectations could create business risks for portfolio companies, which could negatively impact the returns in our funds and accounts. Further, advances in climate science may change society's understanding of sources and magnitudes of negative effects on climate, which could also negatively impact portfolio company financial performance. Further, significant chronic or acute physical effects of climate change, including extreme and more frequent weather events such as hurricanes or floods, can also have an adverse impact on certain portfolio companies and investments, especially those that rely on physical factories, plants or stores located in the affected areas, or that focus on tourism or recreational travel. As the effects of climate change increase, the frequency and impact of weather and climate-related events and conditions could increase as well.

In addition, our reputation may be harmed if certain stakeholders, such as our clients, stockholders or other third parties, believe that we are not adequately or appropriately responding to climate change, including through the way in which we operate our business, the composition of our funds' and accounts' existing portfolios, the new investments made by them, or the decisions we make to continue to conduct or change our activities in response to climate change considerations.

***The short-term and long-term impact of the Basel III capital standards on our clients is uncertain.***

In June 2011, the Basel Committee on Banking Supervision, an international body comprised of senior representatives of bank supervisory authorities and central banks from 27 countries, including the United States, announced the final framework for a comprehensive set of capital and liquidity standards, commonly referred to as "Basel III," for internationally active banking organizations and certain other types of financial institutions, which were revised in 2017. These standards generally require banks to hold more capital, predominantly in the form of common equity, than under the previous capital framework, reduce leverage and improve liquidity standards. U.S. federal banking regulators have adopted, and continue to adopt, final regulations to implement Basel III for U.S. banking organizations.

Some of our clients are subject to the Basel III standards. The ongoing adoption of rules related to Basel III and related standards could restrict the ability of these clients to maintain or increase their investments in our funds to the extent that such investments adversely impact their risk-weighted asset ratios. Our loss of these clients, or inability to raise additional investment amounts from these clients, may adversely impact our revenues.

***Hedge fund investments are subject to numerous additional risks.***

Investments by our funds in other hedge funds, as well as investments by our credit-focused, opportunistic and other hedge funds and similar products, are subject to numerous additional risks, including the following:

- Certain of the underlying funds in which we invest are newly established funds without any operating history or are managed by management companies or general partners who may not have as significant track records as an independent manager.
- Generally, the execution of these hedge funds' investment strategies is subject to the sole discretion of the management company or the general partner of such funds.
- Hedge funds may engage in speculative trading strategies, including short selling.
- Hedge funds are exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem or otherwise, thus causing the fund to suffer a loss.
- Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions.
- The efficacy of investment and trading strategies depend largely on the ability to establish and maintain an overall market position in a combination of financial instruments. A hedge fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including systems failures or human error. In such event, the funds might only be able to acquire some but not all of the components of the position, or if the overall position were to need adjustment, the funds might not be able to make such adjustment.
- Hedge funds may make investments or hold trading positions in markets that are volatile and which may become illiquid. Timely divestiture or sale of trading positions can be impaired by decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer positions in highly specialized or structured transactions to which they may be a party, and changes in industry and government regulations. It may be impossible or costly for hedge funds to liquidate positions rapidly in order to meet margin calls, withdrawal requests or otherwise, particularly if there are other market participants seeking to dispose of similar assets at the same time or the relevant market is otherwise moving against a position or in the event of trading halts or daily price movement limits on the market or otherwise. For example, in 2008 many hedge funds, including some of our funds, experienced significant declines in value. In many cases, these declines in value were both provoked and exacerbated by margin calls and forced selling of assets. Moreover, certain of our funds of hedge funds were invested in third-party hedge funds that halted redemptions in the face of illiquidity and other issues, which precluded those funds of hedge funds from receiving their capital back on request.
- Hedge fund investments are subject to risks relating to investments in commodities, futures, options and other derivatives, the prices of which are highly volatile and may be subject to the theoretically unlimited risk of loss in certain circumstances, including if the fund writes a call option.

As a result of their affiliation with us, our funds may from time to time be restricted from trading in certain securities (e.g., publicly traded securities issued by our current or potential portfolio companies). This may limit their ability to acquire and/or subsequently dispose of investments in connection with transactions that would otherwise generally be permitted in the absence of such affiliation.

***Our fund investments in infrastructure assets may expose our funds to increased risks that are inherent in the ownership of real assets.***

Investments in infrastructure assets may expose us to increased risks that are inherent in the ownership of real assets. For example:

- Ownership of infrastructure assets may present risk of liability for personal and property injury or impose significant operating challenges and costs with respect to, for example, compliance with zoning, environmental, worker, public health and safety or other applicable laws or government actions, which may have a material adverse effect on the operations, financial condition and liquidity of particular assets and ultimately affect investment returns.

- Infrastructure asset investments may face construction and development risks including, without limitation: shortages of suitable labor and equipment, adverse construction conditions, challenges in coordinating with public utilities, political or local opposition, failure to obtain regulatory approvals or permits, and catastrophic events such as explosions, fires, war, terrorist activities, natural disasters and other similar events. These events could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction activities once undertaken. Certain infrastructure asset investments may remain in construction phases for a prolonged period and, accordingly, may not be cash generative for a prolonged period. Recourse against the contractor may be subject to liability caps or may be subject to default or insolvency on the part of the contractor.
- The management of the business or operations of an infrastructure asset may be contracted to a third-party management company unaffiliated with us. Although it would be possible to replace any such operator, the failure of such an operator to adequately perform its duties or to act in ways that are in our best interest, or the breach by an operator of applicable agreements or laws, rules and regulations, could have an adverse effect on the investment's financial condition and results of operations.

Infrastructure investments often involve an ongoing commitment to a municipal, state, federal or foreign government or regulatory agencies. The nature of these obligations exposes us to a higher level of regulatory control than typically imposed on other businesses and may require us to rely on complex government licenses, concessions, leases or contracts, which may be difficult to obtain or maintain. Infrastructure investments may require operators to manage such investments and such operators' failure to comply with laws, including prohibitions against bribing of government officials, may adversely affect the value of such investments and cause us serious reputational and legal harm. Revenues for such investments may rely on contractual agreements for the provision of services with a limited number of counterparties, and are consequently subject to counterparty default risk. The operations and cash flow of infrastructure investments are also more sensitive to inflation and, in certain cases, commodity price risk. Furthermore, services provided by infrastructure investments may be subject to rate regulations by government entities that determine or limit prices that may be charged. Similarly, users of applicable services or government entities in response to such users may react negatively to any adjustments in rates and thus reduce the profitability of such infrastructure investments.

***Our historical financial results included elsewhere in this Annual Report on Form 10-K may not be indicative of what our actual financial position or results of operations would have been if we had been a public company.***

Our historical financial results included in this Annual Report on Form 10-K do not reflect the financial condition, results of operations or cash flows we would have achieved as a public company during the periods presented or those we will achieve in the future. Our financial condition and future results of operations could be materially different from amounts reflected in GCM Grosvenor's historical financial statements included elsewhere in this Annual Report on Form 10-K, so it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business.

### **Risks Related to Our Organizational Structure**

***We are a "controlled company" within the meaning of the Nasdaq listing standards and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.***

As of the date of this Annual Report on Form 10-K, the Key Holders hold all of the Class C common stock, which prior to the Sunset Date will entitle such holders to cast the lesser of 10 votes per share and the Class C Share Voting Amount, the latter of which is generally a number of votes per share equal to (1) (x) an amount of votes equal to 75% of the aggregate voting power of our capital stock (including for this purpose any Includible Shares), minus (y) the total voting power of our capital stock (other than our Class C common stock) owned or controlled, directly or indirectly, by the Key Holders (including, any Includible Shares), divided by (2) the number of shares of our Class C common stock then outstanding. As a result, as of the date of this Annual Report on Form 10-K, the Key Holders control approximately 75% of the combined voting power of our common stock, and may control a majority of our voting power so long as the Class C common stock represents at least 9.1% of our total common stock. As a result of the Key Holders' holdings, we qualify as a "controlled company" within the meaning of the corporate governance standards of The Nasdaq Stock Market LLC ("Nasdaq"). Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including the requirement that (i) a majority of our board of directors consist of independent directors, (ii) we have a compensation committee that is composed entirely of independent directors and (iii) director nominees be selected or recommended to the board by independent directors.

We rely on certain of these exemptions. As a result, we do not have a compensation committee consisting entirely of independent directors and our directors were not nominated or selected solely by independent directors. We may also rely on the other exemptions so long as we qualify as a controlled company. To the extent we rely on any of these exemptions, holders of our Class A common stock will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

***The multi-class structure of our common stock has the effect of concentrating voting power with our Chief Executive Officer, which will limit an investor's ability to influence the outcome of important transactions, including a change of control.***

Holders of shares of our Class A common stock are entitled to cast one vote per share of Class A common stock while holders of shares of our Class C common stock are, (1) prior to the Sunset Date, entitled to cast the lesser of (x) 10 votes per share and (y) the Class C Share Voting Amount and (2) from and after the Sunset Date, entitled to cast one vote per share. As of the date of this Annual Report on Form 10-K, the Key Holders controlled approximately 75% of the combined voting power of our common stock as a result of their ownership of all of our Class C common stock. Accordingly, while we do not intend to issue additional Class C common stock in the future, Mr. Sacks, through his control of GCM V, will be able to exercise control over all matters requiring our stockholders' approval, including the election of our directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions. Mr. Sacks may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company, and might ultimately affect the market price of shares of our Class A common stock.

***We cannot predict the impact our multi-class structure may have on the stock price of our Class A common stock.***

We cannot predict whether our multi-class structure will result in a lower or more volatile market price of Class A common stock or in adverse publicity or other adverse consequences. Several stockholder advisory firms and large institutional investors oppose the use of multiple-class share structures. As a result, the multi-class structure of our common stock may cause stockholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure and may result in large institutional investors not purchasing shares of our Class A common stock. Any actions or publications by stockholder advisory firms or institutional investors critical of our corporate governance practices or capital structure could adversely affect the value of our Class A common stock.

***We are required to pay over to the GCMH Equityholders most of the tax benefits we receive from tax basis step-ups attributable to our acquisition of Grosvenor common units from GCMH equityholders and certain other tax attributes, and the amount of those payments could be substantial.***

In connection with the Closing, we entered into a tax receivable agreement (the "Tax Receivable Agreement") with the GCMH Equityholders (the GCMH Equityholders, and their successors and assigns with respect to the Tax Receivable Agreement, the "TRA Parties"), pursuant to which we will generally pay them 85% of the amount of the tax savings, if any, that we realize (or, under certain circumstances, are deemed to realize) as a result of increases in tax basis (and certain other tax benefits) resulting from our acquisition of equity interests in GCMH from current or former GCMH equityholders (including in connection with the Business Combination, and with future exchanges of Grosvenor common units for Class A common stock or cash), from certain existing tax basis in the assets of GCMH and its subsidiaries, and from certain deductions arising from payments made in connection with the Tax Receivable Agreement. The term of the Tax Receivable Agreement commenced upon the Closing and will continue until all benefits that are subject to the Tax Receivable Agreement have been utilized or expired, subject to the potential acceleration of our obligations under the Tax Receivable Agreement that is discussed below. The Tax Receivable Agreement makes certain simplifying assumptions regarding the determination of the tax savings that we realize or are deemed to realize from applicable tax attributes (including use of an assumed state and local income tax rate), which may result in payments pursuant to the Tax Receivable Agreement in excess of those that would result if such assumptions were not made and therefore in excess of 85% of our actual tax savings.

The actual increases in tax basis arising from our acquisition of interests in GCMH, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending on a number of factors, including, but not limited to, the price of our Class A common stock at the time of the purchase or exchange, the timing of any future exchanges, the extent to which exchanges are taxable, the amount and timing of our income and the tax rates then applicable. We expect that the payments that we are required to make under the Tax Receivable Agreement could be substantial.



The TRA Parties will not reimburse us for any payments previously made if any covered tax benefits are subsequently disallowed, except that excess payments made to the TRA Parties will be netted against future payments that would otherwise be made under the Tax Receivable Agreement. It is possible that the Internal Revenue Service might challenge our tax positions claiming benefits with respect to the attributes covered by the Tax Receivable Agreement, or may make adjustments to our taxable income that would affect our liabilities pursuant to the Tax Receivable Agreement. We could make payments to the TRA Parties under the Tax Receivable Agreement that are greater than our actual tax savings and may not be able to recoup those payments, which could negatively impact our liquidity. The payments under the Tax Receivable Agreement are not conditioned upon any TRA Party's continued ownership of us.

The Tax Receivable Agreement provides that in the case of certain changes of control, or at the election of a representative of the TRA Parties upon a material breach of our obligations under the Tax Receivable Agreement or upon the occurrence of certain credit-related events, our obligations under the Tax Receivable Agreement will be accelerated. If our obligations under the Tax Receivable Agreement are accelerated, we will be required to make a payment to the TRA Parties in an amount equal to the present value of future payments under the Tax Receivable Agreement, calculated utilizing certain assumptions. Those assumptions include the assumptions that the TRA Parties will have exchanged all of their Grosvenor common units, and that we will have sufficient taxable income to utilize any tax deductions arising from the covered tax attributes in the earliest year they become available. If our obligations under the Tax Receivable Agreement are accelerated, those obligations could have a substantial negative impact on our, or a potential acquiror's liquidity, and could have the effect of delaying, deferring, modifying or preventing certain mergers, business combinations or other changes of control. These provisions could also result in situations where the TRA Parties have interests that differ from or are in addition to those of our other equityholders. In addition, we could be required to make payments under the Tax Receivable Agreement that are substantial, significantly in advance of any potential actual realization of such tax benefits, and in excess of our, or a potential acquiror's, actual tax savings, and in some cases involving a change of control we could be required to make payments even in the absence of any actual increases in tax basis or benefit from existing tax basis.

***Our only material asset is our interest in GCMH, and we are accordingly dependent upon distributions from GCMH to pay dividends, taxes and other expenses.***

We are a holding company with no material assets other than our indirect ownership of equity interests in GCMH and certain deferred tax assets. As such, we do not have any independent means of generating revenue. We intend to cause GCMH to make distributions to its members, including us, in an amount at least sufficient to allow us to pay all applicable taxes, to make payments under the Tax Receivable Agreement, and to pay our corporate and other overhead expenses. To the extent that we need funds, and GCMH is restricted from making such distributions under applicable laws or regulations, or is otherwise unable to provide such funds, it could materially and adversely affect our liquidity and financial condition.

***In certain circumstances, GCMH will be required to make distributions to us and the GCMH Equityholders, and the distributions that GCMH will be required to make may be substantial and may be made in a manner that is not pro rata among the holders of Grosvenor common units.***

GCMH is treated, and will continue to be treated, as a partnership for U.S. federal income tax purposes and, as such, generally is not subject to U.S. federal income tax. Instead, its taxable income is generally allocated to its members, including us. Pursuant to the A&R LLLPA, GCMH will make cash distributions, or tax distributions, to the members, including us, calculated using an assumed tax rate, to provide liquidity to its members to pay taxes on such member's allocable share of the cumulative taxable income, reduced by cumulative taxable losses. Under applicable tax rules, GCMH will be required to allocate net taxable income disproportionately to its members in certain circumstances. Because tax distributions may be made on a pro rata basis to all members and such tax distributions may be determined based on the member who is allocated the largest amount of taxable income on a per Grosvenor common unit basis and an assumed tax rate that is the highest tax rate applicable to any member, GCMH may be required to make tax distributions that, in the aggregate, exceed the amount of taxes that GCMH would have paid if it were taxed on its net income at the assumed rate.

As a result of (i) potential differences in the amount of net taxable income allocable to us and to the GCMH Equityholders, (ii) the lower tax rate applicable to corporations than individuals and (iii) the use of an assumed tax rate in calculating GCMH's distribution obligations, among other considerations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the Tax Receivable Agreement. If we do not distribute such cash balances as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to GCMH, the GCMH Equityholders would benefit from any value attributable to such accumulated cash balances as a result of their right to acquire shares of our Class A common stock or, at our election, an amount of cash equal to the fair market value thereof, in exchange for their Grosvenor common units. We will have no obligation to distribute such cash balances to our stockholders,



and no adjustments will be made to the consideration provided to an exchanging holder in connection with a direct exchange or redemption of Grosvenor common units under the A&R LLLPA as a result of any retention of cash by us.

The A&R LLLPA provides Holdings with an option to reduce the pro rata tax distributions otherwise required to be made to the members of GCMH, provided that in no event may the amount of such tax distributions be reduced below the amount required to permit us to pay our actual tax liabilities and obligations under the Tax Receivable Agreement. If the tax liabilities of the GCMH Equityholders attributable to allocations from GCMH (calculated utilizing assumptions similar to those described above) are in excess of the reduced pro rata tax distributions made to the members of GCMH, then GCMH will generally make non-pro rata tax distributions to such members in an amount sufficient to permit them to pay such tax liabilities. Any such non-pro rata tax distributions would be treated as advances against other distributions to which the applicable members would be entitled under the A&R LLLPA. In addition, if any such advances have not been recouped via offset against other distributions from GCMH at the time that associated Grosvenor common units are transferred (including as a result of a direct exchange or redemption of Grosvenor common units under the A&R LLLPA) then the applicable transferring member will generally be required to repay the amount of the advance associated with such Grosvenor common units within fifteen days following the transfer. This arrangement could result in the members of GCMH (other than us) receiving cash via tax distributions in a manner that is not pro rata with, and that is in advance of, cash distributions made to us. No interest will be charged with respect to any such tax distributions that are treated as advances to members of GCMH other than us.

***We may bear certain tax liabilities that are attributable to audit adjustments for taxable periods (or portions thereof) ending prior to the Business Combination, or that are disproportionate to our ownership interest in GCMH in the taxable period for which the relevant adjustment is imposed.***

Pursuant to certain provisions of the Code enacted as part of the Bipartisan Budget Act of 2015 (such provisions, the “Partnership Tax Audit Rules”), partnerships (and not the partners of the partnerships) can be subject to U.S. federal income taxes (and any related interest and penalties) resulting from adjustments made pursuant to an IRS audit or judicial proceedings to the items of income, gain, loss, deduction, or credit shown on the partnership’s tax return (or how such items are allocated among the partners), notwithstanding the fact that absent such adjustments liability for taxes on partnership income is borne by the partners rather than the partnership.

Under the Partnership Tax Audit Rules, a partnership’s liability for taxes may be reduced or avoided in certain circumstances depending on the status or actions of its partners. For example, if partners agree to amend their tax returns and pay the resulting taxes, the partnership’s liability can be reduced. Partnerships also may be able to make elections to “push out” the tax liability resulting from the adjustment to the persons who were partners in the prior taxable year that is the subject of the adjustment, and, as a result, avoid having the relevant liability paid at the partnership-level and instead be borne by the persons who are partners at the time the relevant liability is paid.

Holdings is entitled to direct whether or not GCMH or its subsidiaries will make the “push out” election described above for adjustments attributable to taxable periods (or portions thereof) ending on or prior to the date of the Business Combination, and whether any such entity will pay any applicable liability at the entity level. Furthermore, although the Partnership Tax Audit Rules generally apply only to adjustments with respect to 2018 and later years, Holdings is entitled to direct GCMH to elect the application of these rules to 2016 and 2017. The provisions of the A&R LLLPA prohibit GCMH from seeking indemnification or other recoveries from the GCMH Equityholders in respect of such liabilities. With respect to Holdings’ exercise of this authority, Holdings’ interests will generally differ from the interests of our other shareholders. Moreover, with respect to taxable periods beginning after the Business Combination, there is no requirement that GCMH or any of its subsidiaries make any “push-out” election. We accordingly may be required to bear a share of any taxes, interest, or penalties associated with any adjustments to applicable tax returns that exceeds our proportionate share of such liabilities based on our ownership interest in GCMH in the taxable period for which such adjustments are imposed (including periods prior to the effective date of the Business Combination during which we had no interest in GCMH), which could have an adverse effect on our operating results and financial condition.

***If we were deemed an “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.***

An issuer will generally be deemed to be an “investment company” for purposes of the Investment Company Act if:

- it is an “orthodox” investment company because it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or

- it is an inadvertent investment company because, absent an applicable exemption, it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis.

We believe that we are engaged primarily in the business of providing asset management services and not primarily in the business of investing, reinvesting or trading in securities. We hold ourselves out as an asset management firm and do not propose to engage primarily in the business of investing, reinvesting or trading in securities. Accordingly, we do not believe that we, GCM LLC or GCMH are an “orthodox” investment company as described in the first bullet point above. Furthermore, we treat GCM LLC and GCMH as majority-owned subsidiaries for purposes of the Investment Company Act, and each of GCM LLC and GCMH treats its registered investment adviser subsidiaries as majority-owned subsidiaries for purposes of the Investment Company Act. Therefore, we believe that less than 40% of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis will comprise assets that could be considered investment securities. Accordingly, we do not believe that we, GCM LLC or GCMH will be an inadvertent investment company by virtue of the 40% inadvertent investment company test as described in the second bullet point above. In addition, we believe we are not an investment company under section 3(b)(1) of the Investment Company Act because we are primarily engaged in a non-investment company business.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operations of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. We intend to continue to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act. However, if anything were to happen that would cause us to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on our capital structure, ability to transact business with affiliates (including GCMH) and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among GCMH, us or our senior management team, or any combination thereof and materially and adversely affect our business, financial condition and results of operations.

***A change of control of our Company could result in an assignment of our investment advisory agreements.***

Under the Advisers Act, each of the investment advisory agreements for the funds and other accounts we manage must provide that it may not be assigned without the consent of the particular fund or other client. An assignment may occur under the Advisers Act if, among other things, GCMH undergoes a change of control. From and after the Sunset Date, each share of Class C common stock will entitle the record holder thereof to one vote per share instead of potentially multiple votes per share and the Key Holders will no longer control the appointment of directors or be able to direct the vote on all matters that are submitted to our stockholders for a vote. Prior to the Sunset Date, Mr. Sacks, the beneficial holder of approximately 75% of the combined voting power of our common stock as of the Closing through his ownership of GCM V, may die or become disabled. These events could be deemed a change of control of GCMH, and thus an assignment. If such an assignment occurs, we cannot be certain that GCMH will be able to obtain the necessary consents from our funds and other clients, which could cause us to lose the management fees and performance fees we earn from such funds and other clients.

***Because members of our senior management team hold most or all of their economic interest in GCMH through other entities, conflicts of interest could arise between them and holders of shares of our Class A common stock or us.***

Because members of our senior management team hold most or all of their economic interest in GCMH directly through holding companies and other vehicles rather than through ownership of shares of our Class A common stock, they could have interests that do not align with, or conflict with, those of the holders of our Class A common stock or with us. For example, members of our senior management team may have different tax positions from those of our company and/or our Class A common stockholders, which could influence their decisions regarding whether and when to enter into certain transactions or dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when we should terminate the Tax Receivable Agreement and accelerate the obligations thereunder. In addition, the structuring of future transactions and investments may take into consideration the members’ tax considerations even where no similar benefit would accrue to us.

***Provisions in our organizational documents and certain rules imposed by regulatory authorities may delay or prevent our acquisition by a third-party.***

Our Charter and Bylaws contain several provisions that may make it more difficult or expensive for a third-party to acquire control of us without the approval of our board of directors. These provisions, which may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that stockholders may consider favorable, include the following:

- the fact that the Class C common stock may be entitled to multiple votes per share until (i) such share of Class C common stock is canceled/redeemed for no consideration upon, subject to certain exceptions, (ii) the disposition of (a) the Grosvenor common units and (b) the shares of Class A common stock (as a result of a redemption of Grosvenor common units) paired with such Class C common stock, as applicable, and (iii) with respect to all shares of Class C common stock, the Sunset Date;
- the sole ability of directors to fill a vacancy on the board of directors;
- advance notice requirements for stockholder proposals and director nominations;
- after we no longer qualify as a “controlled company” under Nasdaq Listing Rule 5605(c)(1), provisions limiting stockholders’ ability to call special meetings of stockholders, to require special meetings of stockholders to be called and to take action by written consent; and
- the ability of our governing body to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used, among other things, to institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquiror, likely preventing acquisitions that have not been approved by our governing body.

These provisions of our Charter and Bylaws could discourage potential takeover attempts and reduce the price that investors might be willing to pay for shares of our Class A common stock in the future, which could reduce the market price of our Class A common stock. For more information, see “Description of Capital Stock.”

***In the event of a merger, consolidation or tender or exchange offer, holders of our Class A common stock will not be entitled to receive excess economic consideration for their shares over that payable to the holders of our Class B common stock.***

No shares of our Class B common stock, the primary purpose of which is to be available for issuance in connection with acquisitions, joint ventures, investments or other commercial arrangements, are outstanding as of the date of this Annual Report on Form 10-K. If we choose to issue Class B common stock in the future, the holders of Class A common stock will not be entitled to receive economic consideration for their shares in excess of that payable to the holders of the then outstanding shares of Class B common stock in the event of a merger, consolidation or tender or exchange offer, even though Class B common stock does not have the right to vote. This would result in a lesser payment to the holders of Class A common stock than if there are no shares of Class B common stock outstanding at the time of such merger, consolidation or tender or exchange offer.

***The provisions of our Charter requiring exclusive forum in the Court of Chancery of the State of Delaware and the federal district courts of the United States for certain types of lawsuits may have the effect of discouraging lawsuits against its directors and officers.***

Our Charter provides that, to the fullest extent permitted by law, and unless we provide notice in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of its directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware (the “DGCL”), our Charter or Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Our Charter further provides that the federal district courts of the United States are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. By becoming a stockholder in our company, you will be deemed to have notice of and consented to the exclusive forum provisions of our Charter. There is uncertainty as to whether a court would enforce such a provision relating to causes of action arising under the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Notwithstanding the foregoing, our Charter provides that the exclusive forum provisions do not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

These provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in the proposed certificate of incorporation to be inapplicable or unenforceable in such action.

***If we were to convert into a public benefit corporation, our status as such may not result in the benefits that we anticipate.***

Pursuant to our Charter, our board of directors has the option to, without prior notice to our stockholders, cause us to convert into a Delaware public benefit corporation in order to demonstrate our commitment to environmental, social and governance issues facing societies. If we were to convert into a public benefit corporation, we would be required to balance the financial interests of our stockholders with the best interests of those stakeholders materially affected by our conduct, including particularly those affected by the specific benefit purposes set forth in our Charter. In addition, there is no assurance that the expected positive impact from being a public benefit corporation would be realized. Accordingly, being a public benefit corporation and complying with the related obligations could negatively impact our ability to provide the highest possible return to our stockholders.

***We currently pay dividends to our stockholders, but our ability to do so is subject to the discretion of our board of directors and may be limited by our holding company structure and applicable provisions of Delaware law.***

Although we expect to continue to pay cash dividends to our stockholders, our board of directors may, in its discretion, increase or decrease the level of dividends or discontinue the payment of dividends entirely. In addition, as a holding company, we are dependent upon the ability of GCMH to generate earnings and cash flows and distribute them to us so that we may pay our obligations and expenses (including our taxes and payments under the Tax Receivable Agreement) and pay dividends to our stockholders. We expect to cause GCMH to make distributions to its members, including us. However, the ability of GCMH to make such distributions is subject to its operating results, cash requirements and financial condition, restrictive covenants in our debt instruments and applicable Delaware law (which may limit the amount of funds available for distribution to its members). Our ability to declare and pay dividends to our stockholders is likewise subject to Delaware law (which may limit the amount of funds available for dividends). If, as a consequence of these various limitations and restrictions, we are unable to generate sufficient distributions from our business, we may not be able to make, or may be required to reduce or eliminate, the payment of dividends on our Class A common stock.

***We may change our dividend policy at any time.***

We have no obligation to pay any dividend, and our dividend policy may change at any time without notice. The declaration and amount of any future dividends is subject to the discretion of our board of directors in determining whether dividends are in the best interest of our stockholders based on our financial performance and other factors and are in compliance with all laws and agreements applicable to the declaration and payment of cash dividends by us. In addition, our ability to pay dividends on our common stock is currently limited by the covenants of our current debt instruments and may be further restricted by the terms of any future debt securities or instruments or preferred securities. Future dividends may also be affected by factors that our board of directors deems relevant, including, without limitation:

- general economic and business conditions;
- our strategic plans and prospects;
- our business and investment opportunities
- our financial condition and operating results, including our cash position, net income and realizations on investments made by its investment funds;
- working capital requirements and anticipated cash needs;
- contractual restrictions and obligations, including payment obligations pursuant to the Tax Receivable Agreement; and
- legal, tax and regulatory restrictions.

## **Risks Related to Being a Public Company**

***Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.***

We are required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act, which requires management to certify financial and other information in our quarterly and annual reports, and we are required to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act, which requires management provide an annual management report on the effectiveness of controls over financial reporting. Additionally, we are required to have our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. An adverse report may be issued in the event our independent registered public accounting firm is not satisfied with the level at which our controls are documented, designed or operating.

A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. When evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404.

If we identify or fail to remediate any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is ineffective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, we could fail to meet our reporting obligations or be required to restate our financial statements for prior periods. Investors may also lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock and warrants could be negatively affected, and we could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which would require additional financial and management resources.

***A significant portion of our total outstanding shares of our Class A common stock (or shares of our Class A common stock that may be issued in the future pursuant to the exchange or redemption of Grosvenor common units) are restricted from immediate resale but may be sold into the market in the near future. We could also issue and sell additional shares of Class A common stock in the future. These events could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.***

The market price of our Class A common stock could decline as a result of sales of a large number of shares of Class A common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Pursuant to the Stockholders' Agreement, following the final expiration of the Lock-up Period (as defined there) on November 17, 2023, the voting parties are no longer restricted from selling shares of our Class A common stock held by them or that may be received by them in exchange for Grosvenor common units, our Class C common stock or warrants, as the case may be, other than by applicable securities laws. As such, sales of a substantial number of shares of our Class A common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A common stock. As of February 27, 2024, the GCMH Equityholders owned approximately 77% of the Grosvenor common units. As restrictions on resale end and registration statements for the sale of shares of our Class A common stock and warrants by the parties to the Registration Rights Agreement are available for use, the sale or possibility of sale of these shares of Class A common stock and warrants could have the effect of increasing the volatility in the market price of our Class A common stock or warrants, or decreasing the market price itself.

***Warrants are exercisable for our Class A common stock, which may increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.***

As of February 27, 2024, there were 17,684,970 outstanding warrants to purchase 17,684,970 shares of our Class A common stock at an exercise price of \$11.50 per share. To the extent such warrants are exercised, additional shares of our Class A common stock will be issued, which will result in dilution to the holders of our Class A common stock and increase the



number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the market price of our Class A common stock.

***We may amend the terms of the warrants in a manner that may be adverse to holders of public warrants with the approval by the holders of at least 65% of the then outstanding public warrants. As a result, the exercise price of the warrants could be increased, the exercise period could be shortened and the number of shares of Class A common stock purchasable upon exercise of a warrant could be decreased, all without a warrant holder's approval.***

Our warrants are issued in registered form under the Warrant Agreement with Continental Stock Transfer & Trust Company, as warrant agent (the "Warrant Agent"). The Warrant Agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 65% of the then outstanding public warrants to make any change that adversely affects the interests of the registered holders of public warrants. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder if holders of at least 65% of the then outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 65% of the then outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash or Class A common stock, shorten the exercise period or decrease the number of shares of Class A common stock purchasable upon exercise of a warrant.

***Registration of the shares of our Class A common stock issuable upon exercise of the warrants under the Securities Act may not be in place when an investor desires to exercise warrants.***

Under the terms of the Warrant Agreement, we are obligated to file and maintain an effective registration statement under the Securities Act, covering the issuance of shares of our Class A common stock issuable upon exercise of the warrants. We cannot assure you that we will be able to maintain an effective registration statement if, for example, any facts or events arise that represent a fundamental change in the information set forth in the registration statement or prospectus, the consolidated financial statements contained or incorporated by reference therein are not current or correct or we are required to address any comments the SEC may issue in connection with such registration statement. If the shares issuable upon exercise of the warrants are not registered under the Securities Act, we are required to permit holders to exercise their warrants on a cashless basis. However, no warrant will be exercisable for cash or on a cashless basis, and we will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder or an exemption from registration is available. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying shares of common stock for sale under all applicable state securities laws.

***We may redeem unexpired warrants prior to their exercise at a time that is disadvantageous to warrant holders, thereby making their warrants worthless.***

We have the ability to redeem outstanding public warrants at any time prior to their exercise and expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of our Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption and provided certain other conditions are met. However, we may not exercise our redemption right if the issuance of shares of Class A common stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. We will use our commercially reasonable best efforts to register or qualify such shares of Class A common stock under the blue sky laws of the state of residence in those states in which the warrants were offered in CFAC's initial public offering. Redemption of the outstanding warrants could force our security holders to: (i) exercise their warrants and pay the exercise price therefor at a time when it may be disadvantageous for them to do so, (ii) sell their warrants at the then-current market price when they might otherwise wish to hold their warrants or (iii) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of their warrants.

***The valuation of our warrants could increase the volatility in our net income (loss) in our consolidated statements of income and consolidated statements of comprehensive income.***

The change in fair value of our warrants is the result of changes in stock price and warrants outstanding at each reporting period. The change in fair value of warrant liabilities represents the mark-to-market fair value adjustments to the outstanding warrants issued in connection with the Transaction. Significant changes in our stock price or number of warrants outstanding

may adversely affect our net income (loss) in our consolidated statements of income and consolidated statements of comprehensive income.

***Purchases of shares of our Class A common stock and warrants pursuant to our stock repurchase plan may affect the value of our Class A common stock, and there can be no assurance that our stock repurchase plan will enhance stockholder value.***

Pursuant to our publicly announced stock repurchase plan, as of December 31, 2023 we were authorized to repurchase up to \$115 million in the aggregate of our Class A common stock and warrants to purchase our Class A common stock, including through the repurchase of outstanding shares of our Class A common stock and warrants and through a reduction of shares of Class A common stock to be issued to employees to satisfy associated obligations in connection with the settlement of equity-based awards granted under our Amended and Restated 2020 Incentive Award Plan (and any successor equity plan thereto). The timing and amount of any share and warrant repurchases will be determined based on legal requirements, price, market and economic conditions and other factors. This activity could increase (or reduce the size of any decrease in) the market price of our Class A common stock at that time. Additionally, repurchases under our share repurchase program will continue to diminish our cash reserves, which could impact our ability to pursue possible strategic opportunities and acquisitions and could result in lower overall returns on our cash balances. There can be no assurance that any share repurchases will enhance stockholder value because the market price of our Class A shares could decline. Although our share repurchase program is intended to enhance long-term stockholder value, short-term share price fluctuations could reduce the program's effectiveness.

During the year ended December 31, 2023, we spent \$25.8 million to settle in cash or reduce shares of Class A common stock to be issued to employees in satisfaction of associated tax obligations in connection with the settlement of vested restricted stock units and \$4.5 million to repurchase shares of Class A common stock. As of December 31, 2023, \$40.2 million remains available under our stock repurchase plan. On February 8, 2024, our board of directors further increased the firm's existing repurchase authorization by \$25 million, from \$115 million to \$140 million.

***The obligations associated with being a public company involve significant expenses and require significant resources and management attention, which may divert from our business operations.***

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. The Exchange Act requires the filing of annual, quarterly and current reports with respect to a public company's business and financial condition. The Sarbanes-Oxley Act requires, among other things, that a public company establish and maintain effective internal control over financial reporting. As a result, we are incurring, and will continue to incur, significant legal, accounting and other expenses associated with being a public company.

These rules and regulations have resulted, and will continue to result, in us incurring substantial legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations will likely make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers.

## **General Risk Factors**

***The market price and trading volume of our securities has been, and may continue to be volatile.***

The market price and trading volume of our Class A common stock has been volatile, and may continue to be volatile. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our Class A common stock and warrants in spite of our operating performance. The market price of our Class A common stock and warrants could fluctuate widely or decline significantly in the future in response to a number of factors, including, among others, the following:

- the realization of any of the risk factors presented in this Annual Report on Form 10-K;
- reductions or lack of growth in our assets under management, whether due to poor investment performance by our funds or redemptions by investors in our funds;
- difficult global market and economic conditions;
- loss of investor confidence in the global financial markets and investing in general and in alternative asset managers in particular;

- competitively adverse actions taken by other fund managers with respect to pricing, fund structure, redemptions, employee recruiting and compensation;
- inability to attract, retain or motivate our active executive managing directors, investment professionals, managing directors or other key personnel;
- inability to refinance or replace our senior secured term loan facility and revolving credit facility either on acceptable terms or at all;
- adverse market reaction to indebtedness we may incur, securities we may grant under our Amended and Restated 2020 Incentive Award Plan or otherwise, or any other securities we may issue in the future, including shares of Class A common stock;
- unanticipated variations in our quarterly operating results or dividends;
- failure to meet securities analysts' earnings estimates;
- publication of negative or inaccurate research reports about us or the asset management industry or the failure of securities analysts to provide adequate coverage of Class A common stock in the future;
- changes in market valuations of similar companies;
- speculation in the press or investment community about our business;
- additional or unexpected changes or proposed changes in laws or regulations or differing interpretations thereof affecting our business or enforcement of these laws and regulations, or announcements relating to these matters;
- increases in compliance or enforcement inquiries and investigations by regulatory authorities, including as a result of regulations mandated by the Dodd-Frank Act and other initiatives of various regulators that have jurisdiction over us related to the alternative asset management industry; and
- adverse publicity about the alternative asset management industry.

***We may be subject to securities class action litigation, which may harm our business, financial condition and results of operations.***

Companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and damages, and divert management's attention from other business concerns, which could seriously harm our business, financial condition and results of operations.

We may also be called on to defend ourselves against lawsuits relating to our business operations. Some of these claims may seek significant damage amounts due to the nature of our business. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of any such proceedings. A future on-payment outcome in a legal proceeding could have an adverse impact on our business, financial condition and results of operations. In addition, current and future litigation, regardless of its merits, could result in substantial legal fees, settlement or judgment costs and a diversion of management's attention and resources that are needed to successfully run our business.

***An active trading market for our securities may not be maintained.***

We can provide no assurance that we will be able to maintain an active trading market for our Class A common stock and warrants on Nasdaq or any other exchange in the future. If an active market for our securities is not maintained, or if we fail to satisfy the continued listing standards of Nasdaq for any reason and our securities are delisted, it may be difficult for our security holders to sell their securities without depressing the market price for the securities or at all. An inactive trading market may also impair our ability to both raise capital by selling shares of capital stock and acquire other complementary products, technologies or businesses by using our shares of capital stock as consideration.

***Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline.***

The trading market for our securities is influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. Securities research analysts may establish and publish their own periodic projections for GCMG from time to time. Those projections may vary widely and may not accurately predict the results we actually achieve. Our share price may decline if our actual results do not match the projections of these securities research analysts.

Similarly, if one or more of the analysts who write reports on us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 1C. CYBERSECURITY**

##### **Cybersecurity Risk Management and Strategy**

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity and availability of our critical systems and information.

We design and assess our program based on the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) and the Center for Internet Security (CIS) Critical Security Controls. This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF and CIS Controls as a guide to help us identify, assess and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational and financial risk areas.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our systems, information, products, services and our broader enterprise IT environment;
- a security team principally responsible for managing our (1) cybersecurity risk assessment processes, (2) security controls and (3) response to cybersecurity incidents;
- policies, security technologies and safeguards to fulfill overall NIST CSF program goals and key controls established by the CIS;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security program; this includes penetration testing, and assisting internal audit in assessing the effectiveness of our controls;
- cybersecurity awareness training of our employees, incident response personnel and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for key service providers, suppliers and vendors who have access to our critical systems and information.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations or financial condition. However, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls, or procedures, will be fully implemented, complied with or effective in protecting our systems and information. Please see the section entitled “Risk Factors –*Failure to maintain the security of our information and technology networks, or those of our third-party service providers, or cyber security incidents could harm our reputation and have a material adverse effect on our results of operations, financial condition and cash flow,*” for more information.

##### **Cybersecurity Governance**

Our board of directors considers cybersecurity risk as part of its risk oversight function and has delegated to the audit committee oversight of cybersecurity and other information technology risks. The audit committee oversees management’s implementation of our cybersecurity risk management program.

The audit committee receives periodic reports from management on our cybersecurity risks. In addition, management updates the audit committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

The audit committee reports to the full board of directors regarding its risk management activities, including those related to cybersecurity. The full board of directors also receives briefings from management on our cyber risk management program from time to time. Members of the board of directors receive presentations on cybersecurity topics from our Chief Technology Officer, internal security staff or external experts as part of the board of directors' continuing education on topics that impact public companies.

Our management team, including the Chief Technology Officer and Chief Information Security Officer, are responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our current Chief Technology Officer has over 25 years of cybersecurity experience, including past roles as a Chief Information Security officer and with a leading accounting and professional services firm. Our current Chief Information Security Officer has 20 years of relevant information technology and cybersecurity experience.

Our management team supervises efforts to prevent, detect, mitigate and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

## **ITEM 2. PROPERTIES**

We do not own any real estate or other physical properties materially important to our operations. The Company has entered into operating lease agreements for office space. We lease office space in various countries around the world and maintain our headquarters in Chicago, Illinois. We lease (the "Lease") our principal headquarters at 900 N. Michigan Avenue, Suite 1100, Chicago, IL 60611 from 900 North Michigan, LLC, a Delaware limited liability company. The term of the Lease expires September 30, 2026. The Lease provides for monthly rent and payment of operating expenses on a triple-net basis. We consider our current office space, combined with the other office space otherwise available to our executive officers, adequate for our current operations.

## **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we may be a defendant in various lawsuits related to our business. We do not believe that the outcome of any current litigation will have a material effect on our consolidated statements of financial condition or statements of income.

In the normal course of business, we may enter into contracts that contain a number of representations and warranties, which may provide for general or specific indemnifications. The Company's exposure under these contracts is not currently known, as any such exposure would be based on future claims, which could be made against us. We are not currently aware of any such pending claims and based on our experience, we believe the risk of loss related to these arrangements to be remote.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.



## **Part II.**

### **ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

#### ***Market Information for Common Equity***

Our Class A common stock and warrants are listed on the Nasdaq Global Market under the symbols “GCMG” and “GCMGW,” respectively.

#### ***Holders of Record***

As of February 27, 2024, there were approximately 42,996,776 shares of our Class A common stock outstanding and 17,684,970 warrants to purchase our Class A common stock outstanding, with 1 and 2 holders of record of our Class A common stock and warrants, respectively. The number of record holders does not include persons who held shares of our Class A common stock in nominee or “street name” accounts through brokers.

#### ***Dividend Policy***

On February 8, 2024, the Company declared a quarterly dividend of \$0.11 per share of Class A common stock to record holders as of the close of business on March 1, 2024. The payment date will be March 15, 2024.

We expect we will continue to pay a comparable cash dividend on a quarterly basis. However, the payment of cash dividends on shares of our Class A common stock in the future, in this amount or otherwise, will be within the discretion of our Board of Directors at such time, and will depend on numerous factors, including:

- general economic and business conditions;
- our strategic plans and prospects;
- our business and investment opportunities;
- our financial condition and operating results, including its cash position, its net income and its realizations on investments made by its investment funds;
- our working capital requirements and anticipated cash needs;
- contractual restrictions and obligations, including payment obligations pursuant to the Tax Receivable Agreement and restrictions pursuant to any credit facility; and
- legal, tax and regulatory restrictions.

### ***Issuer Purchases of Equity Securities***

On August 6, 2021, GCMG’s Board of Directors authorized a stock repurchase plan which may be used to repurchase shares of our outstanding Class A common stock and warrants to purchase shares of Class A common stock, as well as to retire (by cash settlement or the payment of tax withholding amounts upon net settlement) equity-based awards granted under our 2020 Incentive Award Plan (and any successor plan thereto). GCMG’s Board of Directors has made subsequent increases to its stock repurchase authorization for shares and warrants. As of December 31, 2022, the total authorization was \$90.0 million, excluding fees and expenses. On August 8, 2023, GCM Grosvenor’s Board of Directors increased the firm’s existing repurchase authorization by \$25 million, from \$90 million to \$115 million. On February 8, 2024, GCM Grosvenor’s Board of Directors further increased the firm’s existing repurchase authorization by \$25 million, from \$115 million to \$140 million.

During the three months ended December 31, 2023, we did not purchase any shares of Class A common stock or warrants to purchase shares of Class A Common stock. See Note 8 of our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K

### ***Stock Performance Graph***

The following graph depicts the total return to stockholders from the closing price on November 18, 2020 (the date our Class A common stock began trading on Nasdaq) through December 31, 2023, relative to the performance of S&P 500 and S&P Composite 1500 Financials. The graph assumes \$100 invested on November 18, 2020, and dividends reinvested in the security or index.

**Total Return Performance**



The performance graph is not intended to be indicative of future performance. The performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act or the Exchange Act.

### ***Unregistered Sales of Equity Securities***

None.

### **ITEM 6. RESERVED**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and the related notes included in this Annual Report on Form 10-K. This discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve risks and uncertainties. As a result of many factors, such as those set forth under the "Risk Factors" and "Forward-Looking Statements" sections and elsewhere in this Annual Report on Form 10-K, our actual results may differ materially from those anticipated in these forward-looking statements.*

*This section of the Annual Report on Form 10-K discusses activity as of and for the years ended December 31, 2023 and 2022. For discussion on activity for the year ended December 31, 2021 and period-over-period analysis on results for the year ended December 31, 2022 to 2021, refer to Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on February 23, 2023.*

### Overview

We are a leading alternative asset management solutions provider that invests across all major alternative investment strategies. We invest on a primary basis and through direct-oriented strategies, which we define as secondaries, co-investments, direct investments and seed investments. We operate customized separate accounts and commingled funds. We collaborate with our clients to invest on their behalf across the private and public markets, either through portfolios customized to meet a client's specific objectives or through specialized commingled funds that are developed to meet broad market demands for strategies and risk-return objectives.

We operate at scale across the full range of private markets and absolute return strategies. Private markets and absolute return strategies are primarily defined by the liquidity of the underlying securities purchased, the length of the client commitment, and the form and timing of incentive fees. For private markets strategies, clients generally commit to invest over a three-year time period and have an expected duration of seven years or more. In private markets strategies, carried interest is typically based on realized gains on liquidation of the investment. For absolute return strategies, the securities tend to be more liquid, clients have the ability to redeem assets more regularly, and performance fees can be earned on an annual basis. We offer the following investment strategies:

- Private Equity
- Infrastructure
- Real Estate
- Absolute Return Strategies
- Alternative Credit
- Sustainable and Impact Investing

Our clients include large, sophisticated, global institutional investors who rely on our investment expertise and differentiated investment access to navigate the alternatives market, but also include a growing individual investor client base. As one of the pioneers of the customized separate account solutions, we are equipped to provide investment services to clients with a wide variety of needs, internal resources and investment objectives, and our client relationships are deep and frequently span decades.

### Trends Affecting Our Business

As a global alternative asset manager, our results of operations are impacted by a variety of factors, including conditions in the global financial markets and economic and political environments, particularly in the United States, Europe, Asia-Pacific, Latin America and the Middle East. While economic factors, such as interest rates, can make alternative investments more or less attractive relative to other asset classes, investors have increasingly gravitated towards the returns generated by alternative investments in order to meet their return objectives. In addition, increased equity market volatility can also contribute to increased investor demand for alternative strategies. Finally, the opportunities in private markets continue to expand as firms raise new funds and launch new vehicles and products to access private markets across the globe.

In addition to the trends discussed above, we believe the following factors, among others, will influence our future performance and results of operations:

***Our ability to retain existing investors and attract new investors in our funds.***

Our ability to retain existing assets under management and attract new investors in our funds is partially dependent on the extent to which investors continue to favorably see the alternative asset management industry relative to traditional publicly listed equity and debt securities. A decline in the pace or the size of our fundraising efforts or investments as a result of increased competition in the private markets investing environment or a shift toward public markets may impact our revenues, which are generated from management fees and incentive fees.

***Our ability to expand our business through new lines of business and geographic markets.***

Our ability to grow our revenue base is partially dependent upon our ability to offer additional products and services by entering into new lines of business and by entering into, or expanding our presence in, new geographic markets. Entry into certain lines of business or geographic markets or the introduction of new types of products or services may subject us to the evolving macroeconomic and regulatory environment of the various countries where we operate or in which we invest.

***Our ability to realize investments.***

Challenging market and economic conditions may adversely affect our ability to exit and realize value from our investments and we may not be able to find suitable investments in which to effectively deploy capital. During periods of adverse economic conditions, such as current geopolitical turmoil abroad and elevated inflation and interest rates, our funds may have difficulty accessing financial markets, which could make it more difficult to obtain funding for additional investments and impact our ability to successfully exit positions in a timely manner. A general market downturn, a recession or a specific market dislocation may result in lower investment returns for our funds, which would adversely affect our revenues.

***Our ability to identify suitable investment opportunities for our clients.***

Our success largely depends on the identification and availability of suitable investment opportunities for our clients, and, in particular, the success of the investment vehicles managed by third-party investment managers in which GCM Funds invest. The availability of investment opportunities is subject to certain factors outside of our control and the control of the investment managers with which we invest for our funds, including the market environment at a given point in time. Although there can be no assurance that we will be able to secure the opportunity to invest on behalf of our clients in all or a substantial portion of the investments we select, or that the size of the investment opportunities available to us will be as large as we would desire, we seek to maintain excellent relationships with investment managers of investment funds, including those in which we have previously made investments for our clients and those in which we may in the future invest, as well as sponsors of investments that might provide co-investment opportunities in portfolio companies alongside the sponsoring fund manager. Our ability to identify attractive investments and execute on those investments is dependent on a number of factors, including the general macroeconomic environment, valuation, transaction size, and expected duration of such investment opportunity.

***Our ability to generate competitive returns.***

The ability to attract and retain clients is partially dependent on returns we are able to deliver versus client objectives, our peers and industry benchmarks. The capital we are able to attract drives the growth of our assets under management and the management and incentive fees we earn. Similarly, in order to maintain our desired fee structure in a competitive environment, we must be able to continue to provide clients with investment returns and service that incentivize our investors to pay our desired fee rates.

***Our ability to comply with increasing and evolving regulatory requirements.***

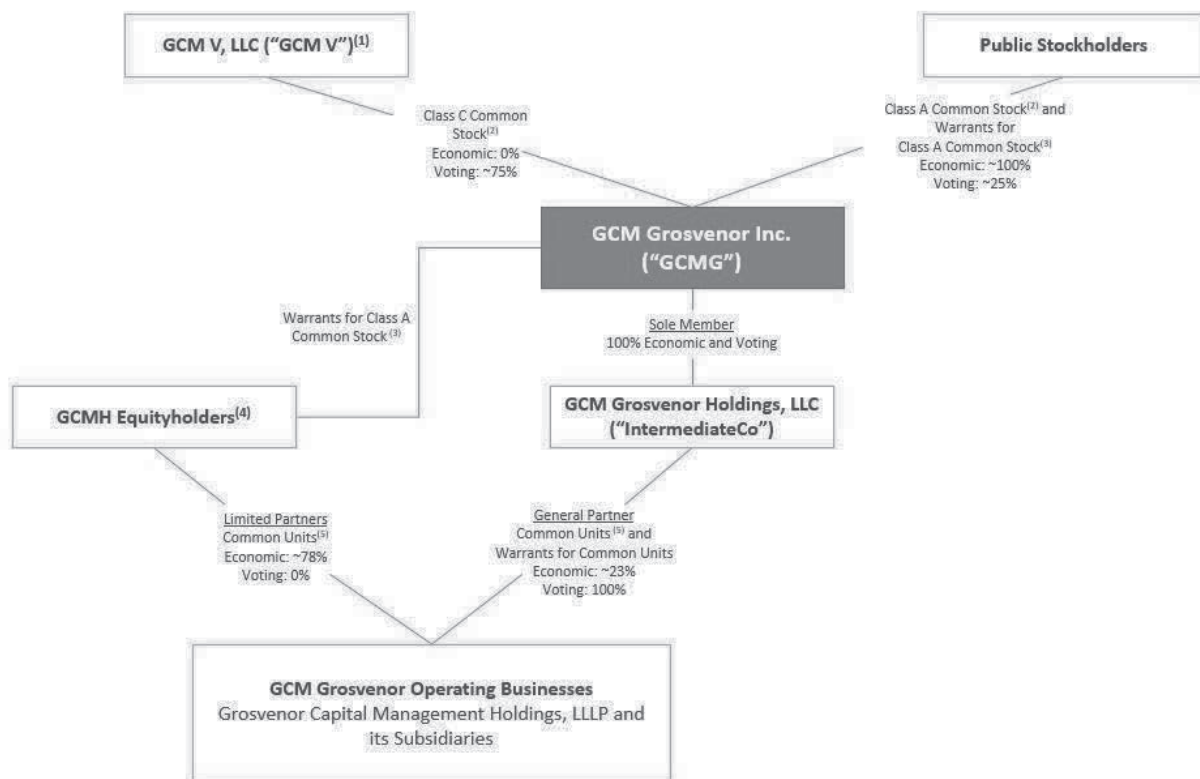
The complex and evolving regulatory and tax environment may have an adverse effect on our business and subject us to additional expenses or capital requirements, as well as restrictions on our business operations.

## **Operating Segments**

We have determined that we operate in a single operating and reportable segment, consistent with how our chief operating decision maker allocates resources and assesses performance.

## Organizational Structure

The diagram below depicts our current organizational structure:



Note: The diagram depicts a simplified version of our structure and does not include all legal entities in our structure. Approximate ownership percentages are as of February 27, 2024.

<sup>1</sup> Mr. Sacks, the chairman of our board of directors and our chief executive officer, ultimately owns and controls GCM V. The address for Mr. Sacks is c/o GCM Grosvenor, 900 North Michigan Avenue, Suite 1100, Chicago, Illinois 60611.

<sup>2</sup> Percentage of combined voting power represents voting power with respect to all shares of Class A common stock and Class C common stock, voting together as a single class. Each holder of Class A common stock is entitled to one vote per share, and each holder of Class C common stock is entitled to the lesser of (i) 10 votes per share and (ii) the Class C Share Voting Amount on all matters submitted to stockholders for their vote or approval. From and after the Sunset Date, holders of Class C Common Stock will be entitled to one vote per share. Class C common stock does not have any of the economic rights (including rights to dividends and distributions upon liquidation) associated with Class A common stock.

<sup>3</sup> Each warrant entitles the registered holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment.

<sup>4</sup> Mr. Sacks is the ultimate managing member of each of (i) Holdings, (ii) Management LLC, (iii) Holdings II, and (iv) GCM Progress Subsidiary LLC, a Delaware limited liability company (collectively, the "GCMH Equityholders"). Any distribution of proceeds derived from the securities held by the GCMH Equityholders is shared among the respective members of such entities in accordance with the applicable operating agreements of such entities.

<sup>5</sup> Common Units may be exchanged on a one-for-one basis for shares of Class A common stock or, at our election, for cash, pursuant to and subject to the restrictions set forth in the A&R LLLPA.

## Components of Results of Operations

### Revenues

We generate revenues from management fees and incentive fees, which includes carried interest and performance fees.

### Management Fees

#### Management Fees

We earn management fees from providing investment management services to specialized funds and customized separate account clients. Specialized funds are generally structured as partnerships or companies having multiple investors. Customized separate account clients may be structured using an affiliate-managed entity or may involve an investment management



agreement between us and a single client. Certain separate account clients may have us manage assets both with full discretion over investments decisions as well as without discretion over investment decisions and may also receive access to various other advisory services the firm may provide.

Certain of our management fees, typically associated with our private markets strategies, are based on client commitments to those funds during an initial commitment or investment period. During this period fees may be charged on total commitments, on invested capital (capital committed to underlying investments) or on a ratable ramp-in of total commitments, which is meant to mirror typical invested capital pacing. Following the expiration or termination of such period, certain fees continue to be based on client commitments while others are based on invested assets or based on invested capital and unfunded deal commitments less returned capital or based on a fixed ramp down schedule.

Certain of our management fees, typically associated with absolute return strategies, are based on the NAV of those funds. Such GCM Funds either have a set fee for the entire fund or a fee scale through which clients with larger commitments pay a lower fee.

Management fees are determined quarterly and are more commonly billed in advance based on the management fee rate applied to the management fee base at the end of the preceding quarterly period as defined in the respective contractual agreements.

We provided investment management / advisory services on assets of \$76.9 billion, \$73.7 billion and \$72.1 billion as of December 31, 2023, 2022 and 2021, respectively.

#### *Fund expense reimbursement revenue*

We incur certain costs, primarily related to accounting, client reporting, investment-decision making and treasury-related expenditures, for which we receive reimbursement from the GCM Funds in connection with our performance obligations to provide investment management services. We concluded that we control the services provided and resources used before they are transferred to the customer, and therefore we act as a principal. Accordingly, the reimbursement for these costs incurred by us are presented on a gross basis within management fees. Expense reimbursements are recognized at a point in time, in the periods during which the related expenses are incurred and the reimbursements are contractually earned.

#### *Incentive Fees*

Incentive fees are based on the results of our funds, in the form of performance fees and carried interest income, which together comprise incentive fees.

#### *Carried Interest*

Carried interest is a performance-based capital allocation from a fund's limited partners earned by us in certain GCM Funds, more commonly in private markets strategies. Carried interest is typically a percentage of the profits calculated in accordance with the terms of fund agreements, certain fees and a preferred return to the fund's limited partners. Carried interest is ultimately realized when underlying investments distribute proceeds or are sold and therefore carried interest is highly susceptible to market factors, judgments, and actions of third parties that are outside of our control.

Agreements generally include a clawback provision that, if triggered, would require us to return up to the cumulative amount of carried interest distributed, typically net of tax, upon liquidation of those funds, if the aggregate amount paid as carried interest exceeds the amount actually due based upon the aggregate performance of each fund. We have defined the portion to be deferred as the amount of carried interest, typically net of tax, that we would be required to return if all remaining investments had no value as of the end of each reporting period. As of December 31, 2023, deferred revenue relating to constrained realized carried interest was approximately \$5.6 million.

Assets under management that are subject to carried interest, excluding investments of the firm and our professionals from which we generally do not earn incentive fees, were approximately \$43.3 billion as of December 31, 2023.

#### *Performance Fees*

We may receive performance fees from certain GCM Funds, more commonly in funds associated with absolute return strategies. Performance fees are typically a fixed percentage of investment gains, subject to loss carryforward provisions that require the recapture of any previous losses before any performance fees can be earned in the current period. Performance fees

may or may not be subject to a hurdle or a preferred return, which requires that clients earn a specified minimum return before a performance fee can be assessed. These performance fees are determined based upon investment performance at the end of a specified measurement period, generally the end of the calendar year.

Investment returns are highly susceptible to market factors, judgments, and actions of third parties that are outside of our control. Accordingly, performance fees are variable consideration and are therefore constrained and not recognized until it is probable that a significant reversal will not occur. In the event that a client redeems from one of the GCM Funds prior to the end of a measurement period, any accrued performance fee is ordinarily due and payable by such redeeming client as of the date of the redemption.

Assets under management that are subject to performance fees, excluding investments of the firm and our professionals from which we generally do not earn incentive fees, were approximately \$12.8 billion as of December 31, 2023.

### ***Other Operating Income***

Other operating income primarily consists of administrative fees from certain private investment vehicles where we perform a full suite of administrative functions but do not manage or advise and have no discretion over the capital.

### **Expenses**

#### ***Employee Compensation and Benefits***

Employee compensation and benefits primarily consists of (1) cash-based employee compensation and benefits, (2) equity-based compensation, (3) partnership interest-based compensation, (4) carried interest compensation, (5) cash-based incentive fee related compensation and (6) other non-cash compensation. Bonus and incentive fee related compensation is generally determined by our management and is discretionary taking into consideration, among other things, our financial results and the employee's performance. In addition, various individuals, including certain senior professionals have been awarded partnership interests and/or restricted stock units ("RSUs"). These partnership interests grant the recipient the right to certain cash distributions from GCMH Equityholders' profits (to the extent such distributions are authorized) and/or to certain net sale proceeds after threshold distributions, resulting in non-cash profits interest compensation expense. The Company recognizes compensation expense attributable to the RSUs on a straight-line basis over the requisite service period, which is generally the vesting period. Certain employees and former employees are also entitled to a portion of the carried interest and performance fees realized from certain GCM Funds, which is payable upon a realization of the carried interest or performance fees.

#### ***General, Administrative and Other***

General, administrative and other consists primarily of professional fees, travel and related expenses, IT operations, communications and information services, occupancy, fund expenses, depreciation and amortization, and other costs associated with our operations.

### **Net Other Income (Expense)**

#### ***Investment Income (Loss)***

Investment income (loss) primarily consists of gains and losses arising from our equity method investments.

#### ***Interest Expense***

Interest expense includes interest paid and accrued on our outstanding debt, along with the amortization of deferred debt issuance costs incurred from debt issued by us, including the Term Loan Facility and the Revolving Credit Facility entered into by us. Interest expense also includes (1) the impact of qualifying effective cash flow hedges and (2) the amortization of realized gains or losses on interest rate swaps that initially qualified for hedge accounting and were subsequently terminated. The unrealized gains or losses are reclassified from accumulated other comprehensive income into interest expense over the original life of the swap.

### ***Other Income (Expense)***

Other income (expense) consists primarily of other non-operating items, including write-off of unamortized debt issuance costs due to prepayments and refinancing of debt and interest income.

### ***Change in Fair Value of Warrant Liabilities***

Change in fair value of warrant liabilities are non-cash changes and consist of fair value adjustments related to the outstanding public and private warrants issued in connection with the Transaction. The warrant liabilities are classified as marked-to-market liabilities pursuant to ASC 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity*, and the corresponding increase or decrease in value impacts our net income (loss).

### **Provision for Income Taxes**

We are a corporation for U.S. federal income tax purposes and therefore are subject to U.S. federal and state income taxes on our share of taxable income generated by the Company and its subsidiaries. GCMH is treated as a pass-through entity for U.S. federal and state income tax purposes. As such, income generated by GCMH flows through to its partners, and is generally not subject to U.S. federal or state income tax at the partnership level. Our non-U.S. subsidiaries generally operate as corporate entities in non-U.S. jurisdictions, with certain of these entities subject to local or non-U.S. income taxes. The tax liability with respect to income attributable to noncontrolling interests in GCMH is borne by the holders of such noncontrolling interests.

### **Net Income (Loss) Attributable to Noncontrolling Interests**

Net income attributable to redeemable noncontrolling interest related to certain limited partnership interests that were subject to redemptions by third-party investors. As these interests were redeemable upon the occurrence of an event that is not solely within the control of the Company, amounts relating to third-party interests in such consolidated entities were classified within the mezzanine section of the Consolidated Statements of Financial Condition as redeemable noncontrolling interest. There was no remaining redeemable noncontrolling interest following the exercise of the Mosaic call right on July 2, 2021, as further described in Note 3 of our Consolidated Financial Statements included elsewhere in Part II, Item 8 of this Annual Report on Form 10-K.

Net income attributable to noncontrolling interests in subsidiaries represents the economic interests of third parties in certain consolidated subsidiaries.

Net income (loss) attributable to noncontrolling interests in GCMH represents the economic interests of GCMH Equityholders in GCMH. Profits and losses, other than partnership interest-based compensation, are allocated to the noncontrolling interests in GCMH in proportion to their relative ownership interests regardless of their basis.

## Results of Operations

The following is a discussion of our consolidated results of operations for the year ended December 31, 2023 as compared to the year ended December 31, 2022. This information is derived from our accompanying Consolidated Financial Statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

	Year Ended December 31,		
	2023	2022	2021
(in thousands)			
<b>Revenues</b>			
Management fees	\$ 375,444	\$ 367,242	\$ 351,216
Incentive fees	64,903	75,167	173,853
Other operating income	4,652	4,121	6,523
Total operating revenues	<u>444,999</u>	<u>446,530</u>	<u>531,592</u>
<b>Expenses</b>			
Employee compensation and benefits	356,044	277,311	333,837
General, administrative and other	100,801	88,907	88,351
Total operating expenses	<u>456,845</u>	<u>366,218</u>	<u>422,188</u>
Operating income (loss)	<u>(11,846)</u>	<u>80,312</u>	<u>109,404</u>
Investment income	11,640	10,108	52,495
Interest expense	(23,745)	(23,314)	(20,084)
Other income	1,008	1,436	3,394
Change in fair value of warrant liabilities	1,429	20,551	7,853
Net other income (expense)	(9,668)	8,781	43,658
Income (loss) before income taxes	(21,514)	89,093	153,062
Provision for income taxes	7,692	9,611	10,993
Net income (loss)	<u>(29,206)</u>	<u>79,482</u>	<u>142,069</u>
Less: Net income attributable to redeemable noncontrolling interest	—	—	19,827
Less: Net income attributable to noncontrolling interests in subsidiaries	5,033	6,823	36,912
Less: Net income (loss) attributable to noncontrolling interests in GCMH	(47,013)	52,839	63,848
Net income attributable to GCM Grosvenor Inc.	<u>\$ 12,774</u>	<u>\$ 19,820</u>	<u>\$ 21,482</u>

### Revenues

	Year Ended December 31,		
	2023	2022	2021
(in thousands)			
Private markets strategies	\$ 214,338	\$ 197,267	\$ 175,447
Absolute return strategies	146,550	159,134	165,397
Fund expense reimbursement revenue	14,556	10,841	10,372
Total management fees	<u>375,444</u>	<u>367,242</u>	<u>351,216</u>
Incentive fees	64,903	75,167	173,853
Administrative fees	3,570	3,184	5,111
Other	1,082	937	1,412
Total other operating income	<u>4,652</u>	<u>4,121</u>	<u>6,523</u>
Total operating revenues	<u>\$ 444,999</u>	<u>\$ 446,530</u>	<u>\$ 531,592</u>

Management fees increased \$8.2 million, or 2%, to \$375.4 million, for the year ended December 31, 2023 compared to the year ended December 31, 2022. Private market strategies fees increased \$17.1 million, or 9%, due to a \$7.8 million increase in fees related to private markets strategies specialized funds and a \$9.3 million increase in fees related to private markets

strategies customized separate accounts, both as a result of capital raising and deployment. A decrease of \$3.0 million in catch-up management fees in the year ended December 31, 2023 as compared to the year ended December 31, 2022 partially offset the increase in private markets strategies customized separate accounts management fees. Fund expense reimbursement revenue increased \$3.7 million, or 34%, to \$14.6 million. These increases in private market strategies management fees were partially offset by a decrease of \$12.6 million, or 8%, in absolute return strategies fees, driven by lower FPAUM as a result of net withdrawals throughout the years ended December 31, 2023 and 2022 and lower investment performance in 2022.

Incentive fees consisted of carried interest and performance fees. Carried interest decreased \$23.0 million, or 32%, to \$49.6 million for the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to lower distributions from investments and lower carry realizations during the year ended December 31, 2023. Performance fees increased \$12.7 million, to \$15.3 million for the year ended December 31, 2023, compared to the year ended December 31, 2022. The increase in performance fees was primarily due to higher returns for absolute return strategies funds during the year ended December 31, 2023 as compared to the year ended December 31, 2022.

## Expenses

### *Employee Compensation and Benefits*

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>(in thousands)</b>		
Cash-based employee compensation and benefits	\$ 156,153	\$ 160,522	\$ 162,901
Equity-based compensation	50,667	30,721	44,190
Partnership interest-based compensation	103,934	31,811	27,671
Carried interest compensation	28,505	41,920	67,773
Cash-based incentive fee related compensation	15,628	11,001	28,002
Other non-cash compensation	1,157	1,336	3,300
<b>Total employee compensation and benefits</b>	<b>\$ 356,044</b>	<b>\$ 277,311</b>	<b>\$ 333,837</b>

Employee compensation and benefits increased \$78.7 million, or 28%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The overall increase was primarily driven by increases in partnership interest-based compensation and equity-based compensation, partially offset by a decrease in carried interest compensation. Partnership interest-based compensation increased \$72.1 million in the year ended December 31, 2023 compared to the year ended December 31, 2022 due to expense recorded for and subsequent amortization of the Holdings Awards (as further described in Note 12 in the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K) and the amortization of expense for awards granted to employees in the fourth quarter of 2022. Equity-based compensation increased \$19.9 million, or 65%, for the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to increases in awards granted and vested during the year ended December 31, 2023. Carried interest compensation decreased \$13.4 million, or 32%, for the year ended December 31, 2023 compared to the year ended December 31, 2022 due to lower realized carried interest during the year ended December 31, 2023. Cash-based incentive fee related compensation increased \$4.6 million, or 42%, due to higher performance fees during the year ended December 31, 2023.

### *General, Administrative and Other*

General, administrative and other increased \$11.9 million, or 13%, to \$100.8 million, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The overall increase was primarily driven by increases in professional fees of \$4.1 million, in travel related costs of \$2.6 million due to the continued return of business travel, and in reimbursable expenses incurred on behalf of funds.

### **Net Other Income (Expense)**

Investment income increased to \$11.6 million for the year ended December 31, 2023 compared to investment income of \$10.1 million for the year ended December 31, 2022, primarily due to the change in value of private and public market investments.



Interest expense increased \$0.4 million, or 2%, to \$23.7 million, for the year ended December 31, 2023 compared to the year ended December 31, 2022, due to a higher effective interest rates on both the hedged and unhedged portions of the Term Loan Facility principal amount outstanding during the year ended December 31, 2023, largely offset by a change in the amount of the amortization of realized gains or losses on interest rate swaps that initially qualified for hedge accounting and were subsequently terminated.

Other income was \$1.0 million for the year ended December 31, 2023 compared to other income of \$1.4 million for the year ended December 31, 2022.

Change in fair value of warrant liabilities of \$1.4 million for the year ended December 31, 2023 was due to a decrease in the fair value of the warrants from December 31, 2022 to December 31, 2023.

### **Provision for Income Taxes**

The Company's effective tax rate was (36)% and 11% for the years ended December 31, 2023 and 2022, respectively. The primary factors impacting the effective tax rate are the allocation of income (loss) to noncontrolling interest as well as state and foreign income taxes paid at the partnership level that are included in income tax expenses but are partially eliminated in consolidation through noncontrolling interest.

### **Net Income (Loss) Attributable to Noncontrolling Interests**

Net income attributable to noncontrolling interests in subsidiaries was \$5.0 million and \$6.8 million for the years ended December 31, 2023 and 2022, respectively. The decrease was primarily attributable to a decrease in income generated by our consolidated subsidiaries not wholly owned by the Company.

Net income (loss) attributable to noncontrolling interests in GCMH was \$(47.0) million and \$52.8 million for the years ended December 31, 2023 and 2022, respectively. The decrease was primarily attributable to an increase in partnership-interest based compensation as described above, which was fully allocated to noncontrolling interests in GCMH, and underlying performance of GCMH.

### **Fee-Paying AUM**

FPAUM is a metric we use to measure the assets from which we earn management fees. Our FPAUM comprises the assets in our customized separate accounts and specialized funds from which we derive management fees. We classify customized separate account revenue as management fees if the client is charged an asset-based fee, which includes the vast majority of our discretionary AUM accounts. Our FPAUM for private market strategies typically represents committed, invested or scheduled capital during the investment period and invested capital following the expiration or termination of the investment period. Substantially all of our private markets strategies funds earn fees based on commitments or net invested capital, which are not affected by market appreciation or depreciation. Our FPAUM for our absolute return strategy is based on NAV, which includes impacts of any market appreciation or depreciation.

Our calculations of FPAUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of FPAUM is not based on any definition that is set forth in the agreements governing the customized separate accounts or specialized funds that we manage.

	Private Markets Strategies	Absolute Return Strategies	Total
<b>Fee-paying AUM</b>		(in millions)	
Balance as of December 31, 2021	\$ 33,080	\$ 25,575	\$ 58,655
Contributions	5,859	571	6,430
Withdrawals	(167)	(2,464)	(2,631)
Distributions	(1,436)	(31)	(1,467)
Change in market value	(85)	(1,562)	(1,647)
Foreign exchange and other	(375)	(109)	(484)
Balance as of December 31, 2022	<u>\$ 36,876</u>	<u>\$ 21,980</u>	<u>\$ 58,856</u>
Contributions	4,485	497	4,982
Withdrawals	(205)	(2,365)	(2,570)
Distributions	(1,006)	(167)	(1,173)
Change in market value	239	1,583	1,822
Foreign exchange and other	(120)	(114)	(234)
Balance as of December 31, 2023	<u>\$ 40,269</u>	<u>\$ 21,414</u>	<u>\$ 61,683</u>

Contracted, not yet fee-paying AUM (“CNYFPAUM”) represents limited partner commitments which are expected to be invested and begin charging fees over the ensuing five years.

	As of December 31,		
	2023	2022	2021
	(in millions)		
Contracted, not yet Fee-Paying AUM	\$ 7,304	\$ 7,603	\$ 7,683
AUM	\$ 76,908	\$ 73,667	\$ 72,130

Of the \$7.3 billion CNYFPAUM as of December 31, 2023, approximately \$2.7 billion is subject to an agreed upon fee ramp in schedule. The ramp in schedule will result in management fees being charged on approximately \$0.9 billion, \$0.7 billion and \$1.1 billion of such amount beginning in 2024, in 2025 and in 2026 and beyond, respectively. Management fees will be charged on the remaining approximately \$4.6 billion of CNYFPAUM as such capital is invested, which will depend on a number of factors, including the availability of eligible investment opportunities.

#### Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

FPAUM increased \$2.8 billion, or 5%, to \$61.7 billion during the year ended December 31, 2023 primarily due to \$5.0 billion of contributions and a \$1.8 billion increase in market value, partially offset by \$2.6 billion and \$1.2 billion of withdrawals and distributions, respectively.

- Private markets strategies FPAUM increased \$3.4 billion, or 9%, to \$40.3 billion during the year ended December 31, 2023 primarily due to \$4.5 billion of contributions, partially offset by \$1.0 billion of distributions.
- Absolute return strategies FPAUM decreased \$0.6 billion, or 3%, to \$21.4 billion during the year ended December 31, 2023 primarily due to \$2.4 billion of withdrawals, partially offset by a \$1.6 billion increase in market value and \$0.5 billion of contributions.

CNYFPAUM decreased \$0.3 billion, or 4%, to \$7.3 billion during the year ended December 31, 2023 due to CNYFPAUM that became FPAUM during the period, net of closing of new commitments.

AUM increased \$3.2 billion, or 4%, to \$76.9 billion during the year ended December 31, 2023, primarily driven by the \$2.8 billion increase in FPAUM, as well as mark to market increases that do not impact FPAUM.

## Non-GAAP Financial Measures

In addition to our results of operations above, we report certain financial measures that are not required by, or presented in accordance with, GAAP. Management uses these non-GAAP measures to assess the performance of our business across reporting periods and believes this information is useful to investors for the same reasons. These non-GAAP measures should not be considered a substitute for the most directly comparable GAAP measures, which are reconciled below. Further, these measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these measurements in isolation or as a substitute for GAAP measures including revenues and net income (loss). We may calculate or present these non-GAAP financial measures differently than other companies who report measures with the same or similar names, and as a result, the non-GAAP measures we report may not be comparable.

### Summary of Non-GAAP Financial Measures

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
<b>Revenues</b>			
Private markets strategies	\$ 214,338	\$ 197,267	\$ 175,447
Absolute return strategies	146,550	159,134	165,397
Management fees, net <sup>(1)</sup>	360,888	356,401	340,844
Administrative fees and other operating income	4,652	4,121	6,523
<b>Fee-Related Revenue</b>	<b>365,540</b>	<b>360,522</b>	<b>347,367</b>
Less:			
Cash-based employee compensation and benefits, net <sup>(2)</sup>	(149,327)	(158,875)	(159,791)
General, administrative and other, net <sup>(1,3)</sup>	(76,271)	(73,134)	(67,175)
<b>Fee-Related Earnings</b>	<b>139,942</b>	<b>128,513</b>	<b>120,401</b>
Incentive fees:			
Performance fees	15,313	2,623	51,947
Carried interest	49,590	72,544	121,906
Incentive fee related compensation and NCI:			
Cash-based incentive fee related compensation	(15,628)	(11,001)	(28,002)
Carried interest compensation, net <sup>(4)</sup>	(28,553)	(41,868)	(69,079)
Carried interest attributable to noncontrolling interests	(5,095)	(8,411)	(21,304)
Realized investment income, net of amount attributable to noncontrolling interests in subsidiaries <sup>(5)</sup>	3,103	4,699	1,496
Interest income	2,021	787	18
Other (income) expense	109	(79)	60
Depreciation	1,383	1,540	1,688
<b>Adjusted EBITDA</b>	<b>162,185</b>	<b>149,347</b>	<b>179,131</b>
Depreciation	(1,383)	(1,540)	(1,688)
Interest expense	(23,745)	(23,314)	(20,084)
<b>Adjusted Pre-Tax Income</b>	<b>137,057</b>	<b>124,493</b>	<b>157,359</b>
Adjusted income taxes <sup>(6)</sup>	(33,853)	(30,127)	(38,553)
<b>Adjusted Net Income</b>	<b>\$ 103,204</b>	<b>\$ 94,366</b>	<b>\$ 118,806</b>

(1) Excludes fund reimbursement revenue of \$14.6 million, \$10.8 million and \$10.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

(2) Excludes severance expense of \$6.8 million, \$1.6 million and \$3.1 million for the years ended December 31, 2023, 2022 and 2021, respectively.

(3) Excludes amortization of intangibles of \$1.3 million, \$2.3 million and \$2.3 million for the years ended December 31, 2023, 2022 and 2021, respectively. Also excludes completed and contemplated corporate transaction-related costs of \$6.4 million, \$2.1 million and \$7.8 million for the years ended December 31, 2023, 2022 and 2021, respectively, and non-core expenses of \$2.2 million, \$0.6 million

and \$0.6 million for the years ended December 31, 2023, 2022 and 2021, respectively. Non-core expenses includes New York office relocation costs of \$1.2 million for the year ended December 31, 2023.

- (4) Excludes the impact of non-cash carried interest compensation of \$1.3 million for the year ended December 31, 2021. The net non-cash carried interest compensation for each of the years ended December 31, 2023 and 2022 was de minimis.
- (5) Investment income or loss is generally realized when the Company redeems all or a portion of its investment or when the Company receives or is due cash, such as from dividends or distributions. Amounts were de minimis for periods prior to the Mosaic repurchase on July 2, 2021.
- (6) Represents corporate income taxes at a blended statutory effective tax rates of 24.7%, 24.2% and 24.5% applied to Adjusted Pre-Tax Income for the years ended December 31, 2023, 2022 and 2021, respectively. The 24.7%, 24.2% and 24.5% are based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 3.7%, 3.2% and 3.5%, respectively.

### Net Incentive Fees Attributable to GCM Grosvenor

Net incentive fees are used to highlight fees earned from incentive fees that are attributable to GCM Grosvenor. Net incentive fees represent incentive fees excluding (a) incentive fees contractually owed to others and (b) cash-based incentive fee related compensation. Net incentive fees are used by management in making compensation and capital allocation decisions and we believe that they provide investors useful information regarding the amount that such fees contribute to the Company's earnings.

The following table shows reconciliations of incentive fees to net incentive fees attributable to GCM Grosvenor for the years ended December 31, 2023, 2022 and 2021, respectively:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Incentive fees:			
Performance fees	\$ 15,313	\$ 2,623	\$ 51,947
Carried interest	49,590	72,544	121,906
Less incentive fees contractually owed to others:			
Cash carried interest compensation	(28,505)	(41,920)	(67,773)
Non-cash carried interest compensation	(48)	52	(1,306)
Carried interest attributable to redeemable noncontrolling interest holder	—	—	(8,059)
Carried interest attributable to other noncontrolling interest holders	(5,095)	(8,411)	(13,245)
Firm share of incentive fees <sup>(1)</sup>	31,255	24,888	83,470
Less: Cash-based incentive fee related compensation	(15,628)	(11,001)	(28,002)
Net Incentive Fees Attributable to GCM Grosvenor	<u>\$ 15,627</u>	<u>\$ 13,887</u>	<u>\$ 55,468</u>

- (1) Firm share represents incentive fees net of contractual obligations but before discretionary cash based incentive compensation.

### Adjusted Pre-Tax Income, Adjusted Net Income and Adjusted EBITDA

Adjusted Pre-Tax Income, Adjusted Net Income and Adjusted EBITDA are non-GAAP measures used to evaluate our profitability.

Adjusted Pre-Tax Income represents net income attributable to GCM Grosvenor Inc. including (a) net income (loss) attributable to GCMH, excluding (b) provision for income taxes, (c) changes in fair value of derivatives and warrant liabilities, (d) amortization expense, (e) partnership interest-based and non-cash compensation, (f) equity-based compensation, including cash-settled equity awards (as we view the cash settlement as a separate capital transaction), (g) unrealized investment income, (h) changes in TRA liability and (i) certain other items that we believe are not indicative of our core performance, including charges related to corporate transactions, employee severance, and New York office relocation costs.

Adjusted Net Income represents Adjusted Pre-Tax Income fully taxed at each period's blended statutory tax rate.

Adjusted EBITDA represents Adjusted Net Income excluding (a) adjusted income taxes, (b) depreciation and amortization expense and (c) interest expense on our outstanding debt.

The Company is a holding company with no material assets other than its indirect ownership of equity interests in GCMH and certain deferred tax assets. The GCMH Equityholders may from time to time cause GCMH to redeem any or all of their GCMH common units in exchange, at the Company's election, for either cash (based on the market price for a share of the Class A common stock) or shares of Class A common stock. As such, net income (loss) attributable to noncontrolling interests in GCMH is added back in order to reflect the full economics of the underlying business as if GCMH Equityholders converted their interests to shares of Class A common stock. Other noncontrolling interests do not have the ability to convert those interests into equity interests of the Company, and as such, income (loss) attributable to these noncontrolling interests are not adjusted for in our non-GAAP financial measures.

We believe Adjusted Pre-Tax Income, Adjusted Net Income and Adjusted EBITDA are useful to investors because they provide additional insight into the operating profitability of our core business across reporting periods. These measures (1) present a view of the economics of the underlying business as if GCMH Equityholders converted their interests to shares of Class A common stock and (2) adjust for certain non-cash and other activity in order to provide more comparable results of the core business across reporting periods. These measures are used by management in budgeting, forecasting and evaluating operating results.

The following table shows reconciliations of net income attributable to GCM Grosvenor Inc. and Adjusted Pre-Tax Income, Adjusted Net Income and Adjusted EBITDA for the years ended December 31, 2023, 2022 and 2021, respectively:



	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>(in thousands)</b>		
<b>Adjusted Pre-Tax Income &amp; Adjusted Net Income</b>			
Net income attributable to GCM Grosvenor Inc.	\$ 12,774	\$ 19,820	\$ 21,482
<b>Plus:</b>			
Net income (loss) attributable to noncontrolling interests in GCMH	(47,013)	52,839	63,848
Provision for income taxes	7,692	9,611	10,993
Change in fair value of derivatives	—	—	(1,934)
Change in fair value of warrants	(1,429)	(20,551)	(7,853)
Amortization expense	1,313	2,316	2,332
Severance	6,826	1,647	3,110
Transaction expenses <sup>(1)</sup>	6,445	2,051	7,827
Loss on extinguishment of debt	—	—	675
Changes in TRA liability and other <sup>(2)</sup>	3,048	(241)	(1,372)
Partnership interest-based compensation	103,934	31,811	27,671
Equity-based compensation	50,667	30,721	44,190
Other non-cash compensation	1,157	1,336	3,300
<b>Less:</b>			
Unrealized investment income, net of noncontrolling interests	(8,309)	(6,919)	(15,604)
Non-cash carried interest compensation	(48)	52	(1,306)
<b>Adjusted Pre-Tax Income</b>	<b>137,057</b>	<b>124,493</b>	<b>157,359</b>
<b>Less:</b>			
Adjusted income taxes <sup>(3)</sup>	(33,853)	(30,127)	(38,553)
<b>Adjusted Net Income</b>	<b>\$ 103,204</b>	<b>\$ 94,366</b>	<b>\$ 118,806</b>
<b>Adjusted EBITDA</b>			
<b>Adjusted Net Income</b>	<b>\$ 103,204</b>	<b>\$ 94,366</b>	<b>\$ 118,806</b>
<b>Plus:</b>			
Adjusted income taxes <sup>(3)</sup>	33,853	30,127	38,553
Depreciation expense	1,383	1,540	1,688
Interest expense	23,745	23,314	20,084
<b>Adjusted EBITDA</b>	<b>\$ 162,185</b>	<b>\$ 149,347</b>	<b>\$ 179,131</b>

- (1) Represents 2023 and 2022 expenses related to contemplated corporate transactions and 2021 expenses related to a debt offering, other contemplated corporate transactions and other public company transition expenses.
- (2) For the year ended December 31, 2021, includes \$1.3 million that was recognized as other income related to the disgorgement of statutory short-swing “profits” from a holder of our Class A common stock. For the year ended December 31, 2023 includes \$1.2 million related to New York office relocation costs.
- (3) Represents corporate income taxes at a blended statutory effective tax rates of 24.7%, 24.2% and 24.5% applied to Adjusted Pre-Tax Income for the years ended December 31, 2023, 2022 and 2021, respectively. The 24.7%, 24.2% and 24.5% are based on a federal statutory rate of 21.0% and a combined state, local and foreign rate net of federal benefits of 3.7%, 3.2% and 3.5%, respectively.

## Adjusted Net Income Per Share

Adjusted net income per share is a non-GAAP measure that is calculated by dividing Adjusted Net Income by adjusted shares outstanding. Adjusted shares outstanding assumes the hypothetical full exchange of limited partnership interests in GCMH into Class A common stock of GCM Grosvenor Inc., the dilution from outstanding warrants for Class A common stock of GCM Grosvenor Inc. and the dilution from outstanding equity-based compensation. We believe adjusted net income per share is useful to investors because it enables them to better evaluate per-share performance across reporting periods.

The following table shows a reconciliation of diluted weighted-average shares of Class A common stock outstanding to adjusted shares outstanding used in the computation of adjusted net income per share for the years ended December 31, 2023, 2022 and 2021, respectively.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands, except share and per share amounts)		
<b>Adjusted Net Income Per Share</b>			
Adjusted Net Income	\$ 103,204	\$ 94,366	\$ 118,806
Weighted-average shares of Class A common stock outstanding - basic	43,198,517	43,872,300	43,765,651
Exercise of private warrants - incremental shares under the treasury stock method	—	—	90,062
Exercise of public warrants - incremental shares under the treasury stock method	—	—	691,396
Exchange of partnership units	144,235,246	144,235,246	144,235,246
Assumed vesting of RSUs - incremental shares under the treasury stock method	—	460,446	277,019
Weighted-average shares of Class A common stock outstanding - diluted	187,433,763	188,567,992	189,059,374
Effect of RSU's, if antidilutive for GAAP	808,716	—	—
Adjusted shares - diluted	188,242,479	188,567,992	189,059,374
Adjusted Net Income Per Share - Diluted	\$ 0.55	\$ 0.50	\$ 0.63

## Fee-Related Revenue and Fee-Related Earnings

Fee-Related Revenue (“FRR”) is a non-GAAP measure used to highlight revenues from recurring management fees and administrative fees. FRR represents total operating revenues less (1) incentive fees and (2) fund reimbursement revenue. We believe FRR is useful to investors because it provides additional insight into our relatively stable management fee base separate from incentive fee revenues, which tend to have greater variability.

Fee-Related Earnings (“FRE”) is a non-GAAP metric used to highlight earnings from recurring management fees and administrative fees. FRE represents adjusted EBITDA further adjusted to exclude (a) incentive fees and related compensation and (b) other non-operating income, and to include depreciation expense. We believe FRE is useful to investors because it provides additional insights into the management fee driven operating profitability of our business.

The following table shows reconciliations of Total Operating Revenues to Fee-Related Revenue for the years ended December 31, 2023, 2022 and 2021, respectively:

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>(in thousands)</b>		
<b>Fee-Related Revenue</b>			
Total Operating Revenues	\$ 444,999	\$ 446,530	\$ 531,592
Less:			
Incentive fees	(64,903)	(75,167)	(173,853)
Fund reimbursement revenue	(14,556)	(10,841)	(10,372)
Fee-Related Revenue	<u>\$ 365,540</u>	<u>\$ 360,522</u>	<u>\$ 347,367</u>

The following table shows reconciliations of Adjusted EBITDA to Fee-Related Earnings for the years ended December 31, 2023, 2022 and 2021, respectively:

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>(in thousands)</b>		
Adjusted EBITDA	\$ 162,185	\$ 149,347	\$ 179,131
Less:			
Incentive fees	(64,903)	(75,167)	(173,853)
Depreciation expense	(1,383)	(1,540)	(1,688)
Other non-operating expense	(2,130)	(708)	(78)
Realized investment income, net of amount attributable to noncontrolling interests in subsidiaries <sup>(1)</sup>	(3,103)	(4,699)	(1,496)
Plus:			
Incentive fee-related compensation	44,181	52,869	97,081
Carried interest attributable to redeemable noncontrolling interest holder	—	—	8,059
Carried interest attributable to other noncontrolling interest holders, net	5,095	8,411	13,245
Fee-Related Earnings	<u>\$ 139,942</u>	<u>\$ 128,513</u>	<u>\$ 120,401</u>

- (1) Investment income or loss is generally realized when the Company redeems all or a portion of its investment or when the Company receives or is due cash, such as a from dividends or distributions. Amounts were de minimis for periods prior to the Mosaic repurchase on July 2, 2021.

### **Liquidity and Capital Resources**

We have historically financed our operations and working capital through net cash provided by operating activities and borrowings under our Term Loan Facility and Revolving Credit Facility (each as defined below). As of December 31, 2023, we had \$44.4 million of cash and cash equivalents and available borrowing capacity of \$50.0 million under our Revolving Credit Facility. On July 29, 2022, the SEC declared effective our Registration Statement on Form S-3, pursuant to which the Company may issue a combination of securities described in the prospectus in one or more offerings from time to time. Our primary cash needs are to fund working capital requirements, invest in growing our business, make investments in GCM Funds, make scheduled principal payments and interest payments on our outstanding indebtedness, pay dividends to holders of our Class A common stock, and pay tax distributions to members. Additionally, as a result of the Transaction, we need cash to make payments under the Tax Receivable Agreement. We expect that our cash flow from operations, current cash and cash equivalents and available borrowing capacity under our Revolving Credit Facility will be sufficient to fund our operations and planned capital expenditures and to service our debt obligations for the next twelve months and the foreseeable future.

We are required to maintain minimum net capital balances for regulatory purposes for certain of our foreign subsidiaries as well as our U.S. broker-dealer subsidiary. These net capital requirements are met by retaining cash. As a result, we may be restricted in our ability to transfer cash between different operating entities and jurisdictions. As of December 31, 2023 we are in compliance with these regulatory requirements.

## Cash Flows

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Net cash provided by operating activities	\$ 92,065	\$ 216,513	\$ 178,803
Net cash used in investing activities	(18,840)	(10,073)	(28,114)
Net cash used in financing activities	(113,662)	(215,067)	(251,274)
Effect of exchange rate changes on cash	(372)	(2,395)	(1,376)
Net decrease in cash and cash equivalents	<u>\$ (40,809)</u>	<u>\$ (11,022)</u>	<u>\$ (101,961)</u>

### **Net Cash Provided by Operating Activities**

Net cash provided by operating activities is generally comprised of our net income (loss) in the respective periods after adjusting for significant non-cash activities, including equity-based compensation for equity-classified awards, non-cash partnership interest-based compensation, the change in fair value of warrant liabilities and the change in equity value of our investments, all of which are included in earnings; proceeds received from return on investments; inflows for receipt of management and incentive fees; and outflows for operating expenses, including cash-based compensation.

Net cash provided by operating activities was \$92.1 million and \$216.5 million for the years ended December 31, 2023 and 2022, respectively. These operating cash flows were primarily driven by:

- net income of \$93.3 million and \$125.6 million for the years ended December 31, 2023 and 2022, respectively, after adjusting for \$122.6 million and \$46.1 million of net non-cash activities, respectively;
- a decrease in working capital of \$(11.8) million during the year ended December 31, 2023, as compared to an increase in working capital of \$28.8 million during the year ended December 31, 2022, largely due to higher receipts of incentive fees in the year ended December 31, 2022, partially offset by lower payments for cash-based compensation in the year ended December 31, 2023;
- proceeds received from investments of \$10.5 million and \$21.8 million for the years ended December 31, 2023 and 2022, respectively; and
- proceeds received for terminated interest rate derivatives of \$40.3 million in the year ended December 31, 2022.

### **Net Cash Used in Investing Activities**

Net cash used in investing activities was \$(18.8) million and \$(10.1) million for the years ended December 31, 2023 and 2022, respectively. These investing cash flows were driven by:

- purchases of premises and equipment of \$(3.8) million and \$(0.8) million during the years ended December 31, 2023 and 2022, respectively; and
- contributions/subscriptions to investments of \$(27.6) million and \$(29.4) million during the years ended December 31, 2023 and 2022, respectively; partially offset by
- distributions received from investments of \$12.6 million and \$20.1 million during the years ended December 31, 2023 and 2022, respectively.

### **Net Cash Used in Financing Activities**

Net cash used in financing activities was \$(113.7) million and \$(215.1) million, for the years ended December 31, 2023 and 2022, respectively. These financing cash flows were driven by:

- capital contributions received from noncontrolling interest holders of \$2.3 million and \$1.8 million during the years ended December 31, 2023 and 2022, respectively;
- capital distributions paid to partners and member of \$(58.3) million and \$(118.3) million during the years ended December 31, 2023 and 2022, respectively;
- capital distributions paid to noncontrolling interest holders of \$(15.4) million and \$(37.4) million during the years ended December 31, 2023 and 2022 respectively;

- principal payments on the Term Loan Facility of \$(4.0) million during each of the years ended December 31, 2023 and 2022;
- payments to repurchase Class A common stock of \$(4.5) million and \$(26.4) million during the years ended December 31, 2023 and 2022, respectively;
- payments to repurchase warrants of \$(2.6) million during the year ended December 31, 2022;
- the settlement of equity-based compensation to satisfy withholding tax requirements of \$(10.2) million and \$(6.4) million during the years ended December 31, 2023 and 2022, respectively;
- dividends paid of \$(20.3) million and \$(18.4) million during the years ended December 31, 2023 and 2022, respectively; and
- payments to related parties, pursuant to tax receivable agreement of \$(3.2) million and \$(3.3) million during the years ended December 31, 2023 and 2022.

### **Indebtedness**

On January 2, 2014, GCMH entered into a credit agreement (as amended, amended and restated, supplemented or otherwise modified, the “Credit Agreement”) that provides GCMH with a senior secured term loan facility (the “Term Loan Facility”) and a \$50.0 million revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan Facility, the “Senior Secured Credit Facilities”). Under the Revolving Credit Facility, \$15.0 million is available for letters of credit and \$10.0 million is available for swingline loans.

On February 24, 2021, we entered into an amended Credit Agreement, which among other things reduced the interest rate margin and extended the maturity dates of our Term Loan Facility. Concurrently with the amendment, we also made a voluntary prepayment on the Term Loan Facility in an aggregate principal amount of \$50.3 million. The maturity date of all of the outstanding borrowings under the Term Loan Facility is February 24, 2028, and the maturity date for the full amount of the Revolving Credit Facility is February 24, 2026.

On June 23, 2021, the Company further amended its Term Loan Facility to increase the aggregate principal amount from \$290.0 million to \$400.0 million. On June 29, 2023, the Company entered into Amendment No. 7 to the Credit Agreement to incorporate changes for the contemplated transition to the Term Secured Overnight Financing Rate (“Term SOFR”), and on July 1, 2023, in conjunction with a Benchmark Transition Event, the interest rate defaulted to the Term SOFR plus a Benchmark Replacement Adjustment as recommended by the Relevant Governmental Body (all terms as defined in the Amended Credit Agreement). As of December 31, 2023, GCMH had borrowings of \$389.0 million outstanding under the Term Loan Facility and no outstanding balance under the Revolving Credit Facility. As of December 31, 2023, we had available borrowing capacity of \$50.0 million under our Revolving Credit Facility.

See Note 14 of our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a summary of our outstanding indebtedness.

The terms of the Company’s current debt instruments contain covenants that may restrict the Company and its subsidiaries from paying distributions to its members. As a holding company, we are dependent upon the ability of GCMH to make distributions to its members, including us. However, the ability of GCMH to make such distributions is subject to its operating results, cash requirements and financial condition, restrictive covenants in our debt instruments and applicable Delaware law. These restrictions include restrictions on the payment of distributions whenever the payment of such distributions would cause GCMH to no longer be in compliance with any of its financial covenants under the Term Loan Facility. Absent an event of default under the Credit Agreement governing the terms of the Term Loan Facility, GCMH may make unlimited distributions when the Total Leverage Ratio (as defined in the Credit Agreement) is below 2.75x. As of December 31, 2023, the Total Leverage Ratio was below 2.75x and the Company was in compliance with all financial covenants.

See Note 15 of our Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a summary of our interest rate derivatives to hedge interest rate risk related to the Company’s outstanding indebtedness. Effective November 1, 2022, the Company terminated the existing interest rate derivatives and received \$40.3 million of cash for the fair market value of the swaps at termination. Also effective on November 1, 2022, the Company entered into a swap agreement to



hedge interest rate risk related the outstanding indebtedness that has a notional amount of \$300 million and a fixed rate of 4.37%.

### **Dividend Policy**

We are a holding company with no material assets other than our indirect ownership of equity interests in GCMH and certain deferred tax assets. As such, we do not have any independent means of generating revenue. However, management of GCM Grosvenor expects to cause GCMH to make distributions to its members, including us, in an amount at least sufficient to allow us to pay all applicable taxes, to make payments under the Tax Receivable Agreement, and to pay our corporate and other overhead expenses. On February 8, 2024, we declared a quarterly dividend of \$0.11 per share of Class A common stock to record holders as of the close of business on March 1, 2024. The payment date will be March 15, 2024. The payment of cash dividends on shares of our Class A common stock in the future, in this amount or otherwise, will be within the discretion of GCMG's Board of Directors at such time.

### **Stock Repurchase Plan**

On August 6, 2021, GCMG's Board of Directors authorized a stock repurchase plan which may be used to repurchase the Company's outstanding Class A common stock and warrants to purchase Class A common stock. Our Class A common stock and warrants may be repurchased from time to time in open market transactions, in privately negotiated transactions, including with employees or otherwise, pursuant to the requirements of Rule 10b5-1 and Rule 10b-18 of the Exchange Act, as well as to retire (by cash settlement or the payment of tax withholding amounts upon net settlement) equity-based awards granted under our 2020 Incentive Award Plan, as amended and restated (and any successor plan thereto), with the terms and conditions of these repurchases depending on legal requirements, price, market and economic conditions and other factors. We are not obligated under the terms of the program to repurchase any of our Class A common stock or warrants, the program has no expiration date and we may suspend or terminate the program at any time without prior notice. Any shares of Class A common stock and any warrants repurchased as part of this program will be canceled. GCMG's Board of Directors has made subsequent increases to its stock repurchase authorization for shares and warrants. As of December 31, 2022, the total authorization was \$90 million, excluding fees and expenses. On August 8, 2023, GCM Grosvenor's Board of Directors increased the firm's existing share repurchase authorization by \$25 million, from \$90 million to \$115 million.

For the years ended December 31, 2023 and 2022, we spent \$25.8 million and \$6.4 million, respectively, to reduce Class A shares to be issued to employees to satisfy tax obligations in connection with the settlement of RSUs; and \$4.5 million and \$26.4 million, respectively, to repurchase shares of Class A common stock. For the year ended December 31, 2022, we also spent \$2.6 million to repurchase the Company's outstanding warrants to purchase Class A common stock. As of December 31, 2023, \$40.2 million remained available under our stock repurchase plan.

On February 8, 2024, GCM Grosvenor's Board of Directors further increased the firm's existing repurchase authorization by \$25 million, from \$115 million to \$140 million.

We review our capital return plan on an on-going basis, considering our financial performance and liquidity position, investments required to execute our strategic plans and initiatives, acquisition opportunities, the economic outlook, regulatory changes and other relevant factors. As these factors may change over time, the actual amounts expended on repurchase activity, dividends, and acquisitions, if any, during any particular period cannot be predicted and may fluctuate from time to time.

### **Tax Receivable Agreement**

Exchanges of Grosvenor common units by limited partners of GCMH will result in increases in the tax basis in our share of the assets of GCMH and its subsidiaries that otherwise would not have been available. These increases in tax basis are expected to increase our depreciation and amortization deductions and create other tax benefits, and therefore may reduce the amount of tax that we would otherwise be required to pay in the future. The Tax Receivable Agreement requires us to pay 85% of the amount of these and certain other tax benefits, if any, that we realize (or are deemed to realize in certain circumstances) to the TRA Parties. As of December 31, 2023, the amount payable to related parties pursuant to the Tax Receivable Agreement was \$53.8 million.

## Contractual Obligations, Commitments and Contingencies

The following table represents our contractual obligations as of December 31, 2023, aggregated by type:

	Contractual Obligations				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
	(in thousands)				
Operating leases	\$ 75,259	\$ 4,349	\$ 13,241	\$ 8,002	\$ 49,667
Debt obligations <sup>(1)</sup>	389,000	4,000	8,000	377,000	—
Interest on debt obligations <sup>(2)</sup>	127,822	31,370	61,599	34,853	—
Capital commitments to our investments <sup>(3)</sup>	85,622	85,622	—	—	—
<b>Total</b>	<b>\$ 677,703</b>	<b>\$ 125,341</b>	<b>\$ 82,840</b>	<b>\$ 419,855</b>	<b>\$ 49,667</b>

- (1) Represents scheduled debt obligation payments under our Term Loan Facility.
- (2) Represents interest to be paid on our debt obligations. The interest payments are calculated using the interest rate of 8.0% on our Term Loan Facility in effect as of December 31, 2023 and exclude the impact of interest rate hedges.
- (3) Represents general partner capital funding commitments to several of the GCM Funds. These amounts are generally due on demand and are therefore presented in the less than one-year category, however, based on historical precedent, are likely to be due over a substantially longer period of time.

The table above does not include payments that we are obligated to make under the Tax Receivable Agreement, as the actual timing and amount of any payments that may be made under the Tax Receivable Agreement are unknown at this time and will vary based on a number of factors. However, we expect that the payments that we are required to make to the TRA Parties in connection with the Tax Receivable Agreement will be substantial. Any payments made by us to the TRA Parties under the Tax Receivable Agreement will generally reduce the amount of cash that might have otherwise been available to us or to GCMH. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts will accrue interest until paid. Our failure to make any payment required under the Tax Receivable Agreement (including any accrued and unpaid interest) within 60 calendar days of the date on which the payment is required to be made will generally constitute a material breach of a material obligation under the Tax Receivable Agreement, which may result in the termination of the Tax Receivable Agreement and the acceleration of payments thereunder, unless the applicable payment is not made because (i) we are prohibited from making such payment under applicable law or the terms governing certain of our secured indebtedness or (ii) we do not have, and cannot by using commercially reasonable efforts obtain, sufficient funds to make such payment.

### Critical Accounting Policies and Estimates

We prepare our Consolidated Financial Statements in accordance with GAAP. In applying many of these accounting principles, we are required to make assumptions, estimates or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our Consolidated Financial Statements and accompanying footnotes. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates or judgments, however, are both subjective and subject to change, and actual results may differ from our assumptions and estimates. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies and estimates could potentially produce materially different results if we were to change underlying assumptions, estimates or judgments. See Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for a summary of our significant accounting policies. The following is a summary of our accounting policies that are most affected by assumptions, estimates or judgments.

#### Principles of Consolidation

We consolidate all entities that we control as the primary beneficiary of variable interest entities (“VIEs”).

We first determine whether we have a variable interest in an entity. Fees paid to a decision maker or service provider are not deemed variable interests in an entity if (i) the fees are compensation for services provided and are commensurate with the level of effort required to provide those services; (ii) the service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm’s length; and (iii) the decision maker does not

hold other interests in the entity that individually, or in the aggregate, would absorb more than an insignificant amount of the entity's expected losses or receive more than an insignificant amount of the entity's expected residual returns. We have evaluated our arrangements and determined that management fees, performance fees and carried interest are customary and commensurate with the services being performed and are not variable interests. For those entities in which we have a variable interest, we perform an analysis to determine whether the entity is a VIE.

The assessment of whether the entity is a VIE requires an evaluation of qualitative factors and, where applicable, quantitative factors. These judgments include: (a) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the economic performance of the entity, and (c) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from the entity. The granting of substantive kick-out rights is a key consideration in determining whether a limited partnership or similar entity is a VIE.

For entities that are determined to be VIEs, we consolidate those entities where we have concluded we are the primary beneficiary. We are determined to be the primary beneficiary if we hold a controlling financial interest which is defined as possessing (a) the power to direct the activities that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. In evaluating whether we are the primary beneficiary, we evaluate our economic interests in the entity held either directly or indirectly by us.

We determine whether we are the primary beneficiary of a VIE at the time we become involved with a VIE and reconsider that conclusion continuously. At each reporting date, we assess whether we are the primary beneficiary and will consolidate or deconsolidate accordingly.

Entities that do not qualify as VIEs are assessed for consolidation as voting interest entities. Under the voting interest entity model, we consolidate those entities that we control through a majority voting interest.

### **Partnership Interest-Based Compensation**

Various individuals, including our current and former employees, have been awarded partnership interests in Holdings, Holdings II and Management LLC. These partnership interests either (a) grant the recipients the right to certain cash distributions of profits from Holdings, Holdings II and Management LLC to the extent such distributions are authorized or (b) transfer equity ownership between certain existing employee members of the GCMH Equityholders.

A partnership interest award is accounted for based on its substance. A partnership interest award that is in substance a profit-sharing arrangement or performance bonus would generally not be within the scope of the stock-based compensation guidance and would be accounted for under the guidance for deferred compensation plans, similar to a cash bonus. However, if the arrangement has characteristics more akin to the risks and rewards of equity ownership, the arrangement would be accounted for under stock-based compensation guidance. Payments to the employees for partnership interest awards are made by Holdings, Holdings II and Management LLC. As a result, we record a non-cash profits interest compensation charge and an offsetting deemed contribution to equity (deficit) to reflect the payments made by the GCMH Equityholders.

We analyze awards granted to recipients at the time they are granted or modified. Awards that are in substance a profit-sharing arrangement in which rights to distributions of profits are based fully on the discretion of the managing member of Holdings, Holdings II and Management LLC, are recorded as partnership interest-based compensation expense in the Consolidated Statements of Income (Loss) when Holdings, Holdings II and Management LLC makes distributions to the recipients. Awards that are in substance stock-based compensation are recorded as partnership interest-based compensation expense on a straight-line basis over the service period. Profit-sharing arrangements that contain a stated target payment are recognized as partnership interest-based compensation expense equal to the present value of expected future payments on a straight-line basis over the service period. Any such expense previously recorded is reversed if the target amount is canceled or forfeited or if the required service period is not provided. For the year ended December 31, 2023, the Company recorded approximately \$104 million of partnership interest-based compensation. Changes to the existing awards granted to recipients, granting of new awards or fluctuation in distributions of profits could significantly impact expense recognized in future periods.

### **Revenue Recognition of Incentive Fees**

Incentive fees are based on the results of our funds, in the form of performance fees and carried interest, which together comprise incentive fees.

## ***Performance Fees***

We may receive performance fees from certain GCM Funds investing in public market investments. Performance fees are typically a fixed percentage of investment gains, subject to loss carryforward provisions that require the recapture of any previous losses before any performance fees can be earned in the current period. Performance fees may or may not be subject to a hurdle or a preferred return, which requires that clients earn a specified minimum return before a performance fee can be assessed. With the exception of certain GCM Funds, these performance fees are determined based upon investment performance at the end of a specified measurement period, generally the end of the calendar year. Certain GCM Funds have performance measurement periods extending beyond one year.

Investment returns are highly susceptible to market factors, judgments and actions of third parties that are outside of our control. Accordingly, performance fees are considered variable consideration and are therefore constrained and not recognized as revenue until it is probable that a significant reversal will not occur. In the event that a client redeems from one of the GCM Funds prior to the end of a measurement period, any accrued performance fee is ordinarily due and payable by such redeeming client as of the redemption date. For the year ended December 31, 2023, the Company recorded \$15 million of performance fees. Performance fees can vary materially period to period based on actual investment returns and timing of redemptions.

## ***Carried Interest***

Carried interest is a performance-based capital allocation from a fund's limited partners in certain GCM Funds invested in longer-term public market investments and private market investments. Carried interest is typically a percentage of the profits calculated in accordance with the terms of fund agreements at rates that range between 2.5-20% after returning invested capital, certain fees and a preferred return to the fund's limited partners. Carried interest is ultimately realized when underlying investments distribute proceeds or are sold and therefore carried interest is highly susceptible to market factors, judgments and actions of third parties that are outside of our control. Accordingly, carried interest is considered variable consideration and is therefore constrained and not recognized as revenue until (a) it is probable that a significant reversal will not occur or (b) the uncertainty associated with the variable consideration is subsequently resolved.

Agreements generally include a clawback provision that, if triggered, would require us to return up to the cumulative amount of carried interest distributed, typically net of tax, upon liquidation of those funds, if the aggregate amount paid as carried interest exceeds the amount actually due based upon the aggregate performance of each fund. Accordingly, the amount of carried interest, typically net of tax, that we would be required to return if all remaining investments had no value as of the end of each reporting period is deferred at each reporting period. For the year ended December 31, 2023, the Company recorded \$50 million of carried interest. Carried interest can vary materially period to period based on the judgments, market factors and actions of third parties discussed above.

## **Provision for Income Taxes**

The Company is taxed as a corporation for U.S. federal and state income tax purposes. GCMH is treated as a partnership for U.S. federal income tax purposes. Prior to the Transaction, partners of GCMH were taxed on their allocable share of the Partnership's earnings. Subsequent to the Transaction, GCMH Equityholders, as applicable, are taxed on their share of the Partnership's earnings; therefore, the Company does not record a provision for federal income taxes on the GCMH Equityholders' allocable share of the Partnership's earnings.

We use the asset and liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying value of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the statutory tax rates expected to be applied in the periods in which those temporary differences are settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period of the change. A valuation allowance is recorded on our net deferred tax assets when it is "more-likely-than-not" that such assets will not be realized. When evaluating the realizability of our deferred tax assets, all evidence, both positive and negative, is evaluated. Items considered in this analysis include the ability to carry back losses, the reversal of temporary differences, tax planning strategies and expectations of future earnings. As of December 31, 2023, the Company has \$58 million of deferred tax assets. Changes in judgment regarding the realizability of the deferred tax assets or changes in corporate tax rates could significantly increase or decrease the carrying value of the assets.

The amount of tax benefit to be recognized is the amount of benefit that is "more-likely-than-not" to be sustained upon examination. We analyze our tax filing positions in the U.S. federal, state, local and foreign tax jurisdictions where we are required to file income tax returns, as well as for all open tax years in these jurisdictions. If, based on this analysis, we determine that uncertainties in tax positions exist, a liability is established. We recognize interest and penalties related to

unrecognized tax benefits, if any, within provision for income taxes in the Consolidated Statements of Income (Loss). Accrued interest and penalties, if any, would be included within accrued expenses and other liabilities in the Consolidated Statements of Financial Condition. As of December 31, 2023, the Company has no liability related to uncertain tax positions. Changes in judgment regarding the uncertainty of tax positions could result in liabilities.

Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining tax expense and in evaluating tax positions, including evaluating uncertainties under GAAP. We review our tax positions quarterly and adjust our tax balances as new legislation is enacted or new information becomes available.

### **Tax Receivable Agreement**

In connection with the Transaction, we entered into the Tax Receivable Agreement with the GCMH Equityholders. We will generally pay them 85% of the amount of the tax savings, if any, that we realize as a result of increases in tax basis resulting from our acquisition of equity interests in GCMH from certain current or former GCMH Equityholders, from certain existing tax basis in the assets of GCMH and its subsidiaries, and from certain deductions arising from payments made in connection with the Tax Receivable Agreement.

The Tax Receivable Agreement makes certain simplifying assumptions regarding the determination of the tax savings that we realize or are deemed to realize from applicable tax attributes (including use of an assumed state and local income tax rate), which may result in payments pursuant to the Tax Receivable Agreement in excess of those that would result if such assumptions were not made and therefore in excess of 85% of our actual tax savings.

The actual increases in tax basis arising from our acquisition of interests in GCMH, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending on a number of factors, including, but not limited to, the price of our Class A common stock at the time of the purchase or exchange, the timing of any future exchanges, the extent to which exchanges are taxable, and the amount and timing of our income and the tax rates then applicable. We expect that the payments we are required to make under the Tax Receivable Agreement could be substantial.

Based on current projections, we anticipate having sufficient taxable income to utilize these tax attributes and receive corresponding tax deductions in future periods. As of December 31, 2023, the Tax Receivable Agreement results in a liability of \$54 million. Significant changes in the projected liability resulting from the Tax Receivable Agreement may occur based on changes in anticipated future taxable income, changes in applicable tax rates or other changes in tax attributes that may occur and could affect the expected future tax benefits to be received by us.

### **Recent Accounting Pronouncements**

Information regarding recent accounting developments and their impact on our results can be found in Note 2 in the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

In the normal course of business, we are exposed to a broad range of risks inherent in the financial markets in which we participate, including price risk, interest-rate risk, access to and cost of financing risk, liquidity risk, counterparty risk and foreign exchange-rate risk. Potentially negative effects of these risks may be mitigated to a certain extent by those aspects of our investment approach, investment strategies, fundraising practices or other business activities that are designed to benefit, either in relative or absolute terms, from periods of economic weakness, tighter credit or financial market dislocations.

Our predominant exposure to market risk is related to our role as general partner or investment manager for our funds and the sensitivity to movements in the fair value of their investments, which may adversely affect our investment income, management fees, and incentive fees, as applicable.

Fair value of the financial assets and liabilities of our funds may fluctuate in response to changes in the value of securities, foreign currency exchange rates, commodity prices and interest rates. The impact of investment risk is as follows:

- Investment income changes along with the realized and unrealized gains of the underlying investments in our specialized funds and certain customized separate accounts in which we have a general partner commitment. Our general partner investments include unique underlying portfolio investments with no significant concentration in any industry or country outside of the United States.



- Our management fees from our absolute return strategies are typically based on the NAV of those funds, and therefore the amount of fees that we may charge will increase or decrease in direct proportion to the effect of changes in the fair value of the fund's investments. Our management fees from our specialized funds and customized separate accounts attributable to our private markets strategies are not significantly affected by changes in fair value as the management fees are not generally based on the value of the specialized funds or customized separate accounts, but rather on the amount of capital committed or invested in the specialized funds or customized separate accounts, as applicable.
- Incentive fees from our specialized funds and customized separate accounts are not materially affected by changes in the fair value of unrealized investments because they are based on realized gains and subject to achievement of performance criteria rather than on the fair value of the specialized fund's or customized separate account's assets prior to realization. We had \$5.6 million of deferred incentive fee revenue on our Consolidated Statements of Financial Condition as of December 31, 2023. Minor decreases in underlying fair value would not affect the amount of deferred incentive fee revenue subject to clawback.

### **Foreign Currency Exchange Rate Risk**

Several of our specialized funds and customized separate accounts hold investments denominated in non U.S. dollar currencies that may be affected by movements in the rate of exchange between the U.S. dollar and foreign currency, which could impact investment performance. We do not possess significant assets in foreign countries in which we operate or engage in material transactions in currencies other than the U.S. dollar. Therefore, changes in exchange rates are not expected to materially impact our consolidated financial statements.

### **Interest Rate Risk**

As of December 31, 2023, we had \$389.0 million of borrowings outstanding under our Term Loan Facility. The Term Loan Facility accrued interest at 2.50% over the LIBOR, subject to a 0.50% LIBOR floor through June 30, 2023 and defaulted to Term SOFR plus a Benchmark Replacement Adjustment of 0.11% on July 1, 2023 at the Benchmark Transition Event as discussed in Note 14 in the Notes Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K. For the year ended December 31, 2023, the weighted average interest rate for our Term Loan Facility was 7.59%.

Based on the floating rate component of our Term Loan Facility and excluding any impact of interest rate hedges as of December 31, 2023, we estimate that a 100 basis point increase in interest rates would result in increased interest expense of \$3.9 million over the next 12 months.

In October 2022, the Company terminated the 2028 Swap Agreement and 2028 Incremental Swap Agreement effective on November 1, 2022. As a result of interest rate risk, in November 2022 the Company entered into an interest rate swap agreement with a total notional amount of \$300 million to hedge interest rate risk related to a portion of its Term Loan Facility.

### **Credit Risk**

We are party to agreements providing for various financial services and transactions that contain an element of risk in the event that the counterparties are unable to meet the terms of such agreements. In such agreements, we depend on the respective counterparty to make payment or otherwise perform. We generally endeavor to minimize our risk of exposure by limiting the counterparties with which we enter into financial transactions to reputable financial institutions. In other circumstances, availability of financing from financial institutions may be uncertain due to market events, and we may not be able to access these financing markets.

### **Enterprise Risk Management Committee**

The GCM Grosvenor Enterprise Risk Management Committee ("ERMC") is tasked with overseeing firm-wide risks and potential conflicts arising from the operations of the firm. The ERMC meets at least quarterly, and as needed, and is comprised of some of the most senior professionals at the firm across the spectrum of departments. The ERMC aims to identify, assess, monitor and mitigate such key enterprise risks at the corporate, business unit and fund level. Senior management reports to the audit committee of the Board of Directors on the agenda of risk topics evaluated by the ERMC.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**Index to Consolidated Financial Statements**

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## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of GCM Grosvenor Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of financial condition of GCM Grosvenor Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income (loss), comprehensive income (loss), equity (deficit) and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 29, 2024 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Description of the Matter*

**Valuation of Partnership Interest-Based Awards**

As described in Note 12 to the consolidated financial statements, Grosvenor Holdings, L.L.C. (Holdings) entered into and restated two participation certificates (Holdings Awards) with its existing employee members on May 9, 2023. The Company engaged a third-party valuation firm to assist management in determining the fair value of these Holdings Awards on the grant date. As a result, an aggregate grant date fair value of \$155.5 million was determined. The fair value of the Holdings Awards will be recorded by the Company as employee compensation and benefits expense over the vesting periods for each award, with an equal offset to net income (loss) attributable to noncontrolling interests in Holdings. Significant assumptions used in the Company's fair value estimate included the discount rate, equity volatility, and the discount applied for lack of marketability of the Holdings Awards.

Auditing the Company's valuation of these Holdings Awards is especially challenging because the calculation involves subjective management assumptions in determining the discount rate, equity volatility, and the discount applied for lack of marketability of the Holdings Awards. These significant assumptions are forward-looking and include management's subjectivity, which could be affected by future economic and market conditions. The use of a Monte Carlo simulation in the valuation of these Holdings Awards also requires significant auditor judgment due to the complexity of the simulation.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's processes to determine the fair value of the Holdings Awards, including among other things, controls over management's review of the significant assumptions underlying the fair value determination.

To test the fair value of the Holdings Awards, we involved our valuation specialists. Our audit procedures included, among others, evaluating the valuation model utilized for appropriateness, replicating the results of the valuation model, and assessing significant assumptions as described above for reasonableness. Additionally, we tested the accuracy of data utilized within the valuation model by agreeing key data fields to source documentation and comparing against other publicly available information.

*Description of the Matter*

**Other Investments Measured at Fair Value**

As described in Notes 2 and 6 to the consolidated financial statements, the Company records its investments in subordinated notes of a structured alternatives investment solution at fair value under the fair value option. As of December 31, 2023, the Company determined the fair value of its investments in subordinated notes to be \$11.2 million based on a discounted cash flow analysis using significant unobservable inputs. The significant inputs used in the Company's fair value estimate included the discount rate, expected remaining term, expected deployment and realization timing of private investments, and expected total value to paid in capital of private assets.

Auditing the Company's fair value measurement of its investments in subordinated notes involved a high degree of subjectivity as the significant inputs used in the determination of fair value were based on assumptions about future market and economic conditions and could have a significant effect on the fair value measurement of such investments.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's valuation processes to determine the fair value of the investments in subordinated notes. This included management's review controls over the assessment of the valuation methodology, significant inputs included in the fair value estimate, as well as management's review of the completeness and accuracy of the data used in the estimate.

Our audit procedures included, among other procedures, evaluating the Company's valuation methodology and significant inputs used to estimate the fair value of the investments in subordinated notes and testing the mathematical accuracy of the valuation model. For example, we compared the prospective financial information used by management in determining the significant inputs described above to current market and economic trends and performed a sensitivity analysis of the significant inputs to evaluate the change in the fair value estimate that would result from changes in the inputs. We involved our valuation specialists to assist in our evaluation of the valuation methodology and significant inputs used in the fair value estimate. We also evaluated subsequent events and transactions and considered whether they corroborate or contradict the Company's fair value measurement as of December 31, 2023.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2014.

Chicago, Illinois  
February 29, 2024

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of GCM Grosvenor Inc.

### **Opinion on Internal Control Over Financial Reporting**

We have audited GCM Grosvenor Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, GCM Grosvenor Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition of the Company as of December 31, 2023 and 2022, the related consolidated statements of income (loss), comprehensive income (loss), equity (deficit) and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 29, 2024 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Chicago, Illinois  
February 29, 2024



**GCM Grosvenor Inc.**  
**Consolidated Statements of Financial Condition**  
*(In thousands, except share and per share amounts)*

	As of December 31,	
	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 44,354	\$ 85,163
Management fees receivable	24,996	18,720
Incentive fees receivable	27,371	16,478
Due from related parties	13,581	13,119
Investments	240,202	223,970
Premises and equipment, net	7,378	4,620
Lease right-of-use assets	38,554	12,479
Intangible assets, net	2,627	3,940
Goodwill	28,959	28,959
Deferred tax assets, net	58,298	60,320
Other assets	18,623	21,165
Total assets	504,943	488,933
<b>Liabilities and Equity (Deficit)</b>		
Accrued compensation and employee related obligations	98,561	89,325
Debt	384,727	387,627
Payable to related parties pursuant to the tax receivable agreement	53,759	55,366
Lease liabilities	41,481	15,520
Warrant liabilities	6,431	7,861
Accrued expenses and other liabilities	31,213	27,240
Total liabilities	616,172	582,939
Commitments and contingencies (Note 17)		
Preferred stock, \$0.0001 par value, 100,000,000 shares authorized; none issued		
	—	—
Class A common stock, \$0.0001 par value, 700,000,000 authorized; 42,988,563 and 41,806,215 issued and outstanding as of December 31, 2023 and December 31, 2022, respectively		
	4	4
Class B common stock, \$0.0001 par value, 500,000,000 authorized; none issued		
	—	—
Class C common stock, \$0.0001 par value, 300,000,000 authorized; 144,235,246 issued and outstanding as of December 31, 2023 and December 31, 2022		
	14	14
Additional paid-in capital	1,936	—
Accumulated other comprehensive income	2,630	4,096
Retained earnings	(32,218)	(23,934)
Total GCM Grosvenor Inc. deficit	(27,634)	(19,820)
Noncontrolling interests in subsidiaries	59,757	67,900
Noncontrolling interests in GCMH	(143,352)	(142,086)
Total deficit	(111,229)	(94,006)
Total liabilities and equity (deficit)	\$ 504,943	\$ 488,933

See accompanying notes to Consolidated Financial Statements.

**GCM Grosvenor Inc.**  
**Consolidated Statements of Income (Loss)**  
*(In thousands, except share and per share amounts)*

	Year Ended December 31,		
	2023	2022	2021
<b>Revenues</b>			
Management fees	\$ 375,444	\$ 367,242	\$ 351,216
Incentive fees	64,903	75,167	173,853
Other operating income	4,652	4,121	6,523
Total operating revenues	444,999	446,530	531,592
<b>Expenses</b>			
Employee compensation and benefits	356,044	277,311	333,837
General, administrative and other	100,801	88,907	88,351
Total operating expenses	456,845	366,218	422,188
Operating income (loss)	(11,846)	80,312	109,404
Investment income	11,640	10,108	52,495
Interest expense	(23,745)	(23,314)	(20,084)
Other income	1,008	1,436	3,394
Change in fair value of warrant liabilities	1,429	20,551	7,853
Net other income (expense)	(9,668)	8,781	43,658
Income (loss) before income taxes	(21,514)	89,093	153,062
Provision for income taxes	7,692	9,611	10,993
Net income (loss)	(29,206)	79,482	142,069
Less: Net income attributable to redeemable noncontrolling interest	—	—	19,827
Less: Net income attributable to noncontrolling interests in subsidiaries	5,033	6,823	36,912
Less: Net income (loss) attributable to noncontrolling interests in GCMH	(47,013)	52,839	63,848
Net income attributable to GCM Grosvenor Inc.	\$ 12,774	\$ 19,820	\$ 21,482
<b>Earnings (loss) per share of Class A common stock:</b>			
Basic	\$ 0.30	\$ 0.45	\$ 0.49
Diluted	\$ (0.28)	\$ 0.28	\$ 0.28
<b>Weighted average shares of Class A common stock outstanding :</b>			
Basic	43,198,517	43,872,300	43,765,651
Diluted	187,433,763	188,567,992	189,059,374

See accompanying notes to Consolidated Financial Statements.

**GCM Grosvenor Inc.**  
**Consolidated Statements of Comprehensive Income (Loss)**  
*(In thousands)*

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net income (loss)	\$ (29,206)	\$ 79,482	\$ 142,069
<b>Other comprehensive income (loss), net of tax:</b>			
Net change in cash flow hedges	(7,324)	32,752	7,541
Foreign currency translation adjustment	(352)	(2,083)	(1,183)
Total other comprehensive income (loss)	(7,676)	30,669	6,358
Comprehensive income (loss) before noncontrolling interests	(36,882)	110,151	148,427
Less: Comprehensive income attributable to redeemable noncontrolling interest	—	—	19,827
Less: Comprehensive income attributable to noncontrolling interests in subsidiaries	5,033	6,823	36,912
Less: Comprehensive income (loss) attributable to noncontrolling interests in GCMH	(53,223)	78,405	68,720
Comprehensive income attributable to GCM Grosvenor Inc.	<u>\$ 11,308</u>	<u>\$ 24,923</u>	<u>\$ 22,968</u>

See accompanying notes to Consolidated Financial Statements.

**GCM Grosvenor Inc.**  
**Consolidated Statements of Equity (Deficit)**  
*(In thousands)*

	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Subsidiaries	Noncontrolling Interest in GCMH	Total Equity (Deficit)	Redeemable Noncontrolling Interest
<b>Balance at December 31, 2020</b>	\$ 4	\$ 14	\$ 2,705	\$ (29,832)	\$ (2,233)	\$ 94,013	\$ (146,861)	\$ (82,190)	\$ 115,121
Capital contributions from noncontrolling interests in subsidiaries	—	—	—	—	—	3,461	—	3,461	11
Capital distributions paid to noncontrolling interests	—	—	—	—	—	(37,699)	—	(37,699)	—
Capital distributions paid to redeemable noncontrolling interest	—	—	—	—	—	—	—	—	(43,500)
Issuance of Class A common stock due to exercised warrants	—	—	5,252	—	—	—	18,066	23,318	—
Repurchase of Class A common stock	—	—	(207)	—	—	—	(680)	(887)	—
Exercise of Mosaic Call Right	—	—	(14,033)	—	—	—	(47,462)	(61,495)	(91,459)
Settlement of equity-based compensation in satisfaction of withholding tax requirements	—	—	(2,487)	(499)	—	—	(3,948)	(6,934)	—
Partners' distributions	—	—	—	—	—	—	(77,936)	(77,936)	—
Deemed contributions	—	—	—	—	—	—	27,671	27,671	—
Unrealized gain on cash flow hedges	—	—	—	—	1,757	—	5,784	7,541	—
Translation adjustment	—	—	—	—	(271)	—	(912)	(1,183)	—
Equity-based compensation	—	—	9,979	—	—	—	33,777	43,756	—
Declared dividends	—	—	—	(15,498)	—	—	—	(15,498)	—
Deferred tax and other tax adjustments	—	—	292	—	(260)	—	—	32	—
Equity reallocation between controlling and non-controlling interests	—	—	—	(1,875)	—	—	1,875	—	—
Net income	—	—	—	21,482	—	36,912	63,848	122,242	19,827
<b>Balance at December 31, 2021</b>	<u>\$ 4</u>	<u>\$ 14</u>	<u>\$ 1,501</u>	<u>\$ (26,222)</u>	<u>\$ (1,007)</u>	<u>\$ 96,687</u>	<u>\$ (126,778)</u>	<u>\$ (55,801)</u>	<u>\$ —</u>

See accompanying notes to Consolidated Financial Statements.

**GCM Grosvenor Inc.**  
**Consolidated Statements of Equity (Deficit) — (Continued)**  
*(In thousands)*

	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest in Subsidiaries	Noncontrolling Interest in GCMH	Total Equity (Deficit)
<b>Balance at December 31, 2021</b>	\$ 4	\$ 14	\$ 1,501	\$ (26,222)	\$ (1,007)	\$ 96,687	\$ (126,778)	\$ (55,801)
Capital contributions from noncontrolling interests in subsidiaries	—	—	—	—	—	1,789	—	1,789
Capital distributions paid to noncontrolling interests	—	—	—	—	—	(37,399)	—	(37,399)
Repurchase of Class A common stock	—	—	(5,906)	(132)	—	—	(20,353)	(26,391)
Settlement of equity-based compensation in satisfaction of withholding tax requirements	—	—	(1,464)	—	—	—	(4,981)	(6,445)
Partners' distributions	—	—	—	—	—	—	(118,349)	(118,349)
Deemed contributions	—	—	—	—	—	—	31,811	31,811
Net change in cash flow hedges	—	—	—	—	5,589	—	27,163	32,752
Translation adjustment	—	—	—	—	(486)	—	(1,597)	(2,083)
Equity-based compensation	—	—	5,841	—	—	—	19,583	25,424
Declared dividends	—	—	—	(18,824)	—	—	—	(18,824)
Deferred tax and other tax adjustments	—	—	28	—	—	—	—	28
Equity reallocation between controlling and noncontrolling interests	—	—	—	1,424	—	—	(1,424)	—
Net income	—	—	—	19,820	—	6,823	52,839	79,482
<b>Balance at December 31, 2022</b>	<b>\$ 4</b>	<b>\$ 14</b>	<b>\$ —</b>	<b>\$ (23,934)</b>	<b>\$ 4,096</b>	<b>\$ 67,900</b>	<b>\$ (142,086)</b>	<b>\$ (94,006)</b>

See accompanying notes to Consolidated Financial Statements.



**GCM Grosvenor Inc.**  
**Consolidated Statements of Equity (Deficit) — (Continued)**  
*(In thousands)*

	Class A Common Stock	Class C Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Subsidiaries	Noncontrolling Interests in GCMH	Total Equity (Deficit)
<b>Balance at December 31, 2022</b>	\$ 4	\$ 14	\$ —	\$ (23,934)	\$ 4,096	\$ 67,900	\$ (142,086)	\$ (94,006)
Capital contributions from noncontrolling interest in subsidiaries	—	—	—	—	—	2,255	—	2,255
Capital distributions paid to noncontrolling interest in subsidiaries	—	—	—	—	—	(15,431)	—	(15,431)
Repurchase of Class A common stock	—	—	(1,003)	—	—	—	(3,475)	(4,478)
Settlement of equity-based compensation in satisfaction of withholding tax requirements	—	—	(2,307)	—	—	—	(7,912)	(10,219)
Partners' distributions	—	—	—	—	—	—	(58,278)	(58,278)
Deemed contributions	—	—	—	—	—	—	103,934	103,934
Net change in cash flow hedges	—	—	—	—	(1,387)	—	(5,937)	(7,324)
Translation adjustment	—	—	—	—	(79)	—	(273)	(352)
Equity-based compensation, equity-classified awards	—	—	4,862	—	—	—	16,744	21,606
Declared dividends	—	—	—	(20,114)	—	—	—	(20,114)
Deferred tax and other tax adjustments	—	—	384	—	—	—	—	384
Equity reallocation between controlling and noncontrolling interests	—	—	—	(944)	—	—	944	—
Net income (loss)	—	—	—	12,774	—	5,033	(47,013)	(29,206)
<b>Balance at December 31, 2023</b>	<b>\$ 4</b>	<b>\$ 14</b>	<b>\$ 1,936</b>	<b>\$ (32,218)</b>	<b>\$ 2,630</b>	<b>\$ 59,757</b>	<b>\$ (143,352)</b>	<b>\$ (111,229)</b>

See accompanying notes to Consolidated Financial Statements.

**GCM Grosvenor Inc.**  
**Consolidated Statements of Cash Flows**

	Year Ended December 31,		
	2023	2022	2021
<b>Cash flows from operating activities</b>			
Net income (loss)	\$ (29,206)	\$ 79,482	\$ 142,069
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	2,696	3,856	4,020
Equity-based compensation, equity-classified awards	21,606	25,424	43,756
Deferred income tax expense	2,826	5,843	5,692
Other non-cash compensation	1,157	1,336	3,300
Partnership interest-based compensation	103,934	31,811	27,671
Amortization of debt issuance costs	1,100	1,111	1,025
Amortization of terminated swap	(6,703)	4,171	4,634
Proceeds received (payments made) for terminated interest rate derivatives	—	40,344	(26,296)
Loss on extinguishment of debt	—	—	675
Change in fair value of derivatives	—	—	212
Change in fair value of warrants liabilities	(1,429)	(20,551)	(7,853)
Change in payable to related parties pursuant to tax receivable agreement	1,583	(729)	—
Amortization of deferred rent	—	—	(1,593)
Proceeds received from investments	10,485	21,771	21,297
Non-cash investment income	(11,640)	(10,108)	(52,495)
Non-cash lease expense	6,911	3,856	—
Other	513	87	462
Change in assets and liabilities:			
Management fees receivable	(6,207)	2,803	(7,202)
Incentive fees receivable	(10,893)	75,123	(22,177)
Due from related parties	(462)	(1,342)	(451)
Other assets	2,344	(1,061)	23,008
Accrued compensation and employee related obligations	8,222	(40,202)	24,519
Lease liabilities	(7,022)	(5,512)	—
Accrued expenses and other liabilities	2,250	(1,000)	(5,470)
Net cash provided by operating activities	<u>92,065</u>	<u>216,513</u>	<u>178,803</u>
<b>Cash flows from investing activities</b>			
Purchases of premises and equipment	(3,763)	(782)	(577)
Proceeds from assignment of aircraft share interest	—	—	1,337
Contributions/subscriptions to investments	(27,635)	(29,436)	(40,332)
Distributions from investments	12,558	20,145	11,458
Net cash used in investing activities	<u>(18,840)</u>	<u>(10,073)</u>	<u>(28,114)</u>
<b>Cash flows from financing activities</b>			
Capital contributions received from noncontrolling interest	2,255	1,789	3,472
Capital distributions paid to partners and member	(58,278)	(118,349)	(77,936)
Capital distributions paid to the noncontrolling interest	(15,431)	(37,399)	(81,199)
Exercise of Mosaic call option	—	—	(150,122)
Proceeds from senior loan issuance	—	—	110,000
Principal payments on senior loan	(4,000)	(4,000)	(53,259)
Debt issuance costs	—	—	(3,080)
Payments to repurchase Class A common stock	(4,478)	(26,391)	(887)
Proceeds from exercise of warrants	—	—	24,469
Payments to repurchase warrants	—	(2,569)	(1,273)
Settlement of equity-based compensation in satisfaction of withholding tax requirements	(10,219)	(6,445)	(6,934)
Dividends paid	(20,321)	(18,432)	(14,525)
Payments to related parties, pursuant to tax receivable agreement	(3,190)	(3,271)	—
Net cash used in investing activities	<u>(113,662)</u>	<u>(215,067)</u>	<u>(251,274)</u>
Effect of exchange rate changes on cash	(372)	(2,395)	(1,376)
Net decrease in cash and cash equivalents	<u>\$ (40,809)</u>	<u>\$ (11,022)</u>	<u>\$ (101,961)</u>
<b>Cash and cash equivalents</b>			
Beginning of year	85,163	96,185	198,146
End of year	<u>\$ 44,354</u>	<u>\$ 85,163</u>	<u>\$ 96,185</u>

**GCM Grosvenor Inc.**  
**Consolidated Statements of Cash Flows — (Continued)**  
*(In thousands)*

<b>Supplemental disclosure of cash flow information</b>						
Cash paid during the year for interest	\$	30,025	\$	18,411	\$	13,779
Cash paid during the year for income taxes, net	\$	3,446	\$	8,543	\$	4,370
<b>Supplemental disclosure of cash flow information from operating activities</b>						
Non-cash right-of-use assets obtained in exchange for new operating leases	\$	34,116	\$	693	\$	—
Non-cash adjustment to operating lease right-of-use assets from lease modification	\$	(836)	\$	—	\$	—
<b>Supplemental disclosure of cash flow information from investing activities</b>						
Non-cash premises and equipment additions in accrued expenses and other liabilities	\$	693	\$	—	\$	—
<b>Supplemental disclosure of non-cash information from financing activities</b>						
Deemed contributions from GCMH Equityholders	\$	103,934	\$	31,811	\$	27,671
Establishment of deferred tax assets, net related to tax receivable agreement and the Transaction	\$	384	\$	28	\$	292
Dividends declared but not paid	\$	1,667	\$	1,366	\$	973

See accompanying notes to Consolidated Financial Statements.

## GCM Grosvenor Inc.

### Notes to Consolidated Financial Statements

*(In thousands, except share and per share amounts and where otherwise noted)*

#### 1. Organization

GCM Grosvenor Inc. (“GCMG”) and its subsidiaries including Grosvenor Capital Management Holdings, LLLP (the “Partnership” or “GCMH” and collectively, the “Company”), provide comprehensive investment solutions to primarily institutional clients who seek allocations to alternative investments such as hedge fund strategies, private equity, real estate, infrastructure and strategic investments. The Company collaborates with its clients to construct investment portfolios across multiple investment strategies in the private and public markets, customized to meet their specific objectives. The Company also offers specialized commingled funds which span the alternatives investing universe that are developed to meet broad market demands for strategies and risk-return objectives.

The Company, through its subsidiaries acts as the investment adviser, general partner or managing member to customized funds and commingled funds (collectively, the “GCM Funds”).

GCMG was incorporated on July 27, 2020 under the laws of the State of Delaware for the purpose of consummating the Transaction as described below and merging with CF Finance Acquisition Corp. (“CFAC”), which was incorporated on July 9, 2014 under the laws of the State of Delaware. GCMG owns all of the equity interests of GCM Grosvenor Holdings, LLC (“IntermediateCo”), formerly known as CF Finance Intermediate Acquisition, LLC until November 18, 2020, which is the general partner of GCMH subsequent to the Transaction. GCMG’s ownership (through IntermediateCo) of GCMH as of December 31, 2023 and December 31, 2022 was approximately 23.0% and 22.5%, respectively.

GCMH is a holding company operated pursuant to the Fifth Amended and Restated Limited Liability Limited Partnership Agreement (the “Partnership Agreement”) dated November 17, 2020, among the limited partners including, Grosvenor Holdings, L.L.C. (“Holdings”), Grosvenor Holdings II, L.L.C. (“Holdings II”) and GCM Grosvenor Management, LLC (“Management LLC”) (collectively, together with GCM Progress Subsidiary LLC, the “GCMH Equityholders”).

On November 17, 2020, the Company consummated a business combination pursuant to the definitive Transaction Agreement dated as of August 2, 2020, by and among CFAC, IntermediateCo, CF Finance Holdings, LLC (the “CF Sponsor”), Holdings, Management LLC, Holdings II, GCMH GP, L.L.C. (“GCMHGP LLC”), GCM V, LLC (“GCM V”) and the Company (the “Transaction”). The Transaction was treated as a transaction between entities under common control.

GCMG indirectly holds general partnership and limited partnership interests in GCMH. The structure of the Transaction is an “Up-C” structure with the owners of GCMH retaining their ownership in GCMH.

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Consolidated Financial Statements include the accounts of the Company, its wholly-owned or majority-owned subsidiaries and entities in which the Company is deemed to have a direct or indirect controlling financial interest based on either a variable interest model or voting interest model. All intercompany balances and transactions have been eliminated in consolidation. Amounts presented in accrued compensation and benefits and employee related obligations in prior periods were collapsed and presented in accrued compensation and employee related obligations in order to conform to the current period’s presentation.

The portion of the consolidated subsidiaries not owned by GCMG and any related activity is eliminated through noncontrolling interests in the Consolidated Statements of Financial Condition and net income (loss) attributable to noncontrolling interests in the Consolidated Statements of Income (Loss).

The Company was an “emerging growth company” (“EGC”), as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), following the consummation of the merger of CFAC and the Company. The Company elected to use this extended transition period for complying with new or revised accounting standards pursuant to Section 102(b)(1) of the JOBS Act that have different effective dates for public and private

**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

companies, However, as of December 31, 2023, the Company no longer qualifies as an EGC. Therefore, the Company is no longer able to take advantage of the extended transition period for adopting new or revised accounting standards.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Principles of Consolidation**

The Company first determines whether it has a variable interest in an entity. Fees paid to a decision maker or service provider are not deemed variable interests in an entity if (i) the fees are compensation for services provided and are commensurate with the level of effort required to provide those services; (ii) the service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length; and (iii) the decision maker does not hold other interests in the entity that individually, or in the aggregate, would absorb more than an insignificant amount of the entity's expected losses or receive more than an insignificant amount of the entity's expected residual returns. The Company has evaluated its arrangements and determined that management fees, performance fees and carried interest are customary and commensurate with the services being performed and are not variable interests. For those entities in which it has a variable interest, the Company performs an analysis to determine whether the entity is a variable interest entity ("VIE").

The assessment of whether the entity is a VIE requires an evaluation of qualitative factors and, where applicable, quantitative factors. These judgments include: (a) determining whether the equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) evaluating whether the equity holders, as a group, can make decisions that have a significant effect on the economic performance of the entity, and (c) determining whether the equity investors have proportionate voting rights to their obligations to absorb losses or rights to receive returns from an entity. The granting of substantive kick-out rights is a key consideration in determining whether a limited partnership or similar entity is a VIE.

For entities that are determined to be VIEs, the Company consolidates those entities where it has concluded it is the primary beneficiary. The Company is determined to be the primary beneficiary if it holds a controlling financial interest which is defined as possessing (a) the power to direct the activities that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. In evaluating whether the Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly or indirectly by the Company.

The Company determines whether it is the primary beneficiary of a VIE at the time it becomes involved with a VIE and reconsiders that conclusion continuously. At each reporting date, the Company assesses whether it is the primary beneficiary and will consolidate or deconsolidate accordingly. Refer to Note 10 for additional information on the Company's VIEs.

Entities that do not qualify as VIEs are assessed for consolidation as voting interest entities. Under the voting interest entity model, the Company consolidates those entities it controls through a majority voting interest.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and short-term, highly liquid money market funds with original maturities of three months or less. In circumstances when Federal Deposit Insurance Corporation insured limits are exceeded, the risk of default depends on the creditworthiness of the counterparties to each of these transactions. Interest earned on cash and cash equivalents of \$2.0 million, \$0.8 million and less than \$0.1 million during the years ended December 31, 2023, 2022 and 2021, respectively, is recorded within other income (expense) in the Consolidated Statements of Income (Loss). As of December 31, 2023 and 2022, the Company held \$20.2 million and \$20.7 million, respectively, of foreign cash included within cash and cash equivalents in the Consolidated Statements of Financial Condition.



**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

**Foreign Currency**

The Company consolidates certain subsidiaries that have a non-U.S. dollar functional currency. The assets and liabilities of these subsidiaries are translated at the exchange rate prevailing at the reporting date and income and expenses are translated at the average monthly rates of exchange with the resulting translation adjustment included in the Consolidated Statements of Financial Condition as a component of accumulated other comprehensive income (loss).

The Company earns fees denominated in several different foreign currencies. Corresponding transaction gains or losses are recognized in other income (expense) in the Consolidated Statements of Income (Loss).

**Management Fees and Incentive Fees Receivables**

Management fees and incentive fees receivables are equal to contractual amounts reduced for allowances, including expected credit losses, if applicable. The Company considers fees receivable to be fully collectible; accordingly, minimal to no allowance for credit losses has been established as of December 31, 2023 and 2022. The Company's management fees and incentive fees receivables are predominantly with its investments funds, which have low risk of credit loss based on the Company's historical experience. Historical experience may be adjusted for current conditions and forecasts, including the Company's expectation of near-term realizations. Allowances are charged directly to general, administrative and other in the Consolidated Statements of Income (Loss).

**Due from Related Parties**

Due from related parties includes amounts receivable from the Company's existing partners, employees, and nonconsolidated funds. Refer to Note 18 for further disclosure of transactions with related parties.

**Fair Value Measurements**

The Company categorizes its fair value measurements according to a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 – Inputs that are unobservable and require significant management judgment or estimation.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

The carrying amounts of cash and cash equivalents and fees receivable approximate fair value due to the immediate or short-term maturity of these financial instruments.

**Investments**

Investments primarily consist of investments in GCM Funds and other funds the Company does not control, but is deemed to exert significant influence, and are generally accounted for using the equity method of accounting. Under the equity method of accounting, the Company records its share of the underlying income or loss of such entities, which reflects the net asset value of such investments. Management believes the net asset value of the funds is representative of fair value. The resulting gains and losses are included as investment income in the Consolidated Statements of Income (Loss).

## GCM Grosvenor Inc.

### Notes to Consolidated Financial Statements

*(In thousands, except share and per share amounts and where otherwise noted)*

The Company's equity method investments in the GCM Funds investing in private equity, real estate and infrastructure ("GCM PEREI Funds") are valued based on the most recent available information, which typically has a delay of up to three months due to the timing of financial information received from the investments held by the GCM PEREI Funds. The Company records its share of capital contributions to and distributions from the GCM PEREI Funds within investments in the Consolidated Statements of Financial Condition during the three-month lag period. To the extent that management is aware of material events that affect the GCM PEREI Funds during the intervening period, the impact of the events would be disclosed in the notes to the Consolidated Financial Statements.

Certain subsidiaries which hold the general partner capital interest in the GCM Funds are not wholly owned, and as such, the portion of the Company's investments owned by limited partners in those subsidiaries are reflected within noncontrolling interests in the Consolidated Statements of Financial Condition.

For certain other debt investments, the Company has elected the fair value option. Such election is irrevocable and is made at the investment level at initial recognition. The debt investments are not publicly traded and are a Level 3 fair value measurement. For investments carried at fair value, the Company records the increase or decrease in fair value as investment income in the Consolidated Statements of Income (Loss). See Note 6 for additional information regarding the Company's other investments.

#### **Premises and Equipment**

Premises and equipment and aircraft-related assets are recorded at cost less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized over the shorter of their estimated useful lives or lease terms.

#### **Leases**

The Company's leases primarily consist of operating lease agreements for office space in various countries around the world, including for its headquarters in Chicago, Illinois. On January 1, 2022, the Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)* on a prospective basis. As a result, prior periods were not adjusted. The new standard requires lessees to use a right-of-use ("ROU") model where lease ROU assets and lease liabilities are recorded on the Consolidated Statements of Financial Condition for all operating leases with initial terms exceeding one year. Lease ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's remaining minimum lease obligations. The Company made a permitted accounting policy election not to apply the ROU model to short-term leases, which are defined as leases with initial terms of one year or less.

The Company determines whether a contract contains a lease at inception. Lease ROU assets and lease liabilities are initially recognized on the lease commencement date based on the present value of the minimum lease payments over the lease term. When determining the lease term, the Company generally does not include options to renew as it is not reasonably certain at contract inception that the Company will exercise the option(s). As the implicit rate is not generally readily determinable, the Company uses its incremental borrowing rate to determine the present value of future minimum lease payments. Lease ROU assets may include initial direct costs incurred by the Company and are reduced by lease incentives. Operating lease expense is recognized on a straight-line basis over the lease term within general, administrative and other in the Consolidated Statements of Income (Loss).

#### **Intangible Assets and Goodwill**

Finite-lived intangible assets primarily consist of investment management contracts, investor relationships, technology and trade name. These assets are amortized on a straight-line basis over their respective useful lives, ranging from 2 to 12 years. Intangible assets are reviewed for impairment whenever events or changes in circumstances suggest that the asset's carrying value may not be recoverable. An impairment loss, calculated as the difference between the estimated fair value and the carrying value of the asset, is recognized if the sum of the estimated undiscounted cash flows relating to the asset is less than the corresponding carrying value. The Company has not recognized any impairment in the periods presented.

Goodwill is reviewed for impairment at least annually at the reporting unit level utilizing a qualitative or quantitative approach, and more frequently if circumstances indicate impairment may have occurred. The impairment testing for goodwill

**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

under the qualitative approach is based first on a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its respective carrying value. If it is determined that it is more likely than not that the reporting unit's fair value is less than its carrying value or when the quantitative approach is used, the amount of impairment is calculated as the excess of the carrying value of the reporting unit over its fair value.

The Company performed an annual assessment of its goodwill on October 1, 2023 and 2022 and did not identify any impairment.

**Public and Private Warrants**

The Company evaluated the public and private warrants under Accounting Standards Codification ("ASC") 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity*, and concluded that they do not meet the criteria to be classified as equity (deficit) in the Consolidated Statements of Financial Condition. Specifically, the exercise of the public and private warrants may be settled in cash upon the occurrence of a tender offer or exchange that involves 50% or more of the Company's Class A shareholders. Because such a tender offer may not result in a change in control and trigger cash settlement and the Company does not control the occurrence of such event, the Company concluded that the public warrants and private warrants do not meet the conditions to be classified as equity (deficit) in the Consolidated Statements of Financial Condition. Since the public and private warrants meet the definition of a derivative under ASC 815, the Company recorded these warrants as liabilities in the Consolidated Statements of Financial Condition at fair value upon the closing of the Transaction in accordance with ASC 820, *Fair Value Measurement*, with subsequent changes in their respective fair values recorded in the change in fair value of warrant liabilities within the Consolidated Statements of Income (Loss) at each reporting date.

**Noncontrolling Interests**

For entities that are consolidated, but not 100% owned, a portion of the income or loss and equity is allocated to owners other than the Company. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included within noncontrolling interests in the Consolidated Financial Statements.

Noncontrolling interests is presented as a separate component of equity (deficit) in the Consolidated Statements of Financial Condition. Net income includes the net income attributable to the holders of noncontrolling interests in the Consolidated Statements of Income (Loss). Profits and losses, other than profit interest expense, are allocated to noncontrolling interest in proportion to their relative ownership interests regardless of their basis.

**Revenue Recognition**

Contracts which earn the Company management fees and incentive fees are evaluated as contracts with customers under ASC 606 for the services further described below. Under ASC 606, the Company is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the Company satisfies its performance obligation.

**Management Fees**

*Management Fees*

The Company earns management fees from providing investment management services to specialized funds and customized separate account clients. Specialized funds are generally structured as partnerships having multiple investors. Separate account clients may be structured using an affiliate-managed entity or may involve an investment management agreement between the Company and a single client. Certain separate account clients may have the Company manage assets both with full discretion over investments decisions as well as without discretion over investment decisions and may also receive access to various other advisory services the firm may provide as part of a single customized service which the Company has determined is a single performance obligation. The Company determined that for specialized funds, the fund is generally considered to be the customer while the individual investor or limited partner is the customer with respect to customized separate accounts. The Company satisfies its performance obligations over time as the services are rendered and the

## GCM Grosvenor Inc.

### Notes to Consolidated Financial Statements

*(In thousands, except share and per share amounts and where otherwise noted)*

customer simultaneously receives and consumes the benefits of the services as they are performed, using the same time-based measure of progress towards completion.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer. The Company's management fees attributable to the GCM Funds investing in public market investments consist primarily of fees based on the net asset value of the assets managed. Fees may be calculated on a monthly or quarterly basis as of each subscription date, either in advance or arrears. Investment management fees calculated on a monthly or quarterly basis are primarily based on the assets under management at the beginning or end of such monthly or quarterly period or on average net assets.

The Company's management fees attributable to the GCM Funds investing in longer-term public market investments and private market investments are typically based on limited partner commitments to those funds during an initial commitment or investment period. Following the expiration or termination of such period, the fees generally become based on invested assets or based on invested capital and unfunded deal commitments less returned capital. Management fees are determined quarterly and are more commonly billed in advance based on the management fee rate applied to the management fee base at the end of the preceding quarterly period as defined in the respective contractual agreements.

Management fees are a form of variable consideration as the basis for the management fee fluctuates over the life of the contract, therefore, management fees are constrained and not recognized until it is probable that a significant reversal will not occur.

Certain GCM Fund agreements contain a management fee schedule that simulates the pattern of a fee based on invested capital that increases over the investment period and decreases over the life of the fund. In those circumstances, the Company satisfies its performance obligations over time as the services are rendered and records as revenue the amounts it is entitled to invoice for the applicable quarter for which services have been rendered.

Certain agreements contain a requirement to return management fees for commitments left unfunded at the termination of the GCM Fund's life. As of December 31, 2023 and December 31, 2022, deferred revenue of \$3.2 million and \$2.4 million, respectively, relating to the portion of the fees collected that the Company views as probable of being returned based on the Company's investing experience, was recorded within accrued expenses and other liabilities in the Consolidated Statements of Financial Condition.

#### *Fund Expense Reimbursement Revenue*

The Company incurs certain costs, primarily related to accounting, client reporting, investment-decision making and treasury-related expenditures, for which it receives reimbursement from the GCM Funds in connection with its performance obligations to provide investment management services. The Company concluded it controls the services provided and resources used before they are transferred to the customer and therefore is a principal. Accordingly, the reimbursement for these costs incurred by the Company are presented on a gross basis within management fees and the related costs within general, administrative and other in the Consolidated Statements of Income (Loss) with any outstanding amounts recorded within due from related parties in the Consolidated Statements of Financial Condition. Expense reimbursements are generally recognized at a point in time, in the periods during which the related expenses are incurred and the reimbursements are contractually earned.

The Company may pay on behalf of and seek reimbursement from GCM Funds for certain professional fees and administrative or other fund expenses that the Company arranges for the GCM Funds. The Company concluded that the nature of its promise is to arrange for the services to be provided and it does not control the services provided by third parties before they are transferred to the customer. As a result, the Company is acting in the capacity of an agent to the GCM Funds. Accordingly, outstanding amounts related to these disbursements are recorded within due from related parties in the Consolidated Statements of Financial Condition.

Certain operating agreements limit the expenses a fund bears to a percentage of the market value of the assets managed. The Company is required to reimburse the customer for such exceeded amounts (which the Company may be entitled to recoup in subsequent periods if expenses are sufficiently below the limit). The Company records these amounts as adjustments to the transaction price, which are reflected within management fees in the Consolidated Statements of Income (Loss).

**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

***Incentive Fees***

Incentive fees consists of performance based incentive fees in the form of performance fees and carried interest.

*Performance Fees*

The Company may receive performance fees from certain GCM Funds investing in public market investments. Performance fees are typically a fixed percentage of investment gains, subject to loss carryforward provisions that require the recapture of any previous losses before any performance fees can be earned in the current period. Performance fees may or may not be subject to a hurdle or a preferred return, which requires that clients earn a specified minimum return before a performance fee can be assessed. With the exception of certain GCM Funds, these performance fees are determined based upon investment performance at the end of a specified measurement period, generally the end of the calendar year. Certain GCM Funds have performance measurement periods extending beyond one year.

Investment returns are highly susceptible to market factors, judgments and actions of third parties that are outside of the Company's control. Accordingly, performance fees are considered variable consideration and are therefore constrained and not recognized as revenue until it is probable that a significant reversal will not occur. In the event that a client redeems from one of the GCM Funds prior to the end of a measurement period, any accrued performance fee is ordinarily due and payable by such redeeming client as of the redemption date.

*Carried Interest*

Carried interest is a performance-based capital allocation from a fund's limited partners earned by the Company in certain GCM Funds invested in longer-term public market investments and private market investments. Carried interest is typically calculated as a percentage of the profits calculated in accordance with the terms of fund agreements at rates that range between 2.5%-20% after returning invested capital, certain fees and a preferred return to the fund's limited partners. Carried interest is ultimately realized when underlying investments distribute proceeds or are sold and therefore carried interest is highly susceptible to market factors, judgments and actions of third parties that are outside of the Company's control. Accordingly, carried interest is considered variable consideration and is therefore constrained and not recognized as revenue until it is probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Agreements generally include a clawback provision that, if triggered, would require the Company to return up to the cumulative amount of carried interest distributed, typically net of tax, upon liquidation of those funds, if the aggregate amount paid as carried interest exceeds the amount actually due based upon the aggregate performance of each fund. Accordingly, the amount of carried interest, typically net of tax, that the Company would be required to return if all remaining investments had no value as of the end of each reporting period is deferred at each reporting period. As of December 31, 2023 and December 31, 2022, deferred revenue relating to constrained realized carried interest of \$5.6 million and \$6.5 million respectively, was recorded within accrued expenses and other liabilities in the Consolidated Statements of Financial Condition.

***Other Operating Income***

Other operating income primarily consists of administrative fees from certain private investment vehicles that the Company does not manage or advise. The Company satisfies its performance obligations over time as the services are rendered and the customer simultaneously receives and consumes the benefits of the services as they are performed, using the same time-based measure of progress towards completion.

**Distribution Relationships**

The Company has entered into a number of distribution relationships with financial services firms to assist it in developing and servicing its client base. These relationships are non-exclusive and generally enable the Company to have direct contact with major clients.

Management and incentive fee revenue in the Consolidated Statements of Income (Loss) is recorded on a gross basis. Expenses pursuant to the revenue sharing arrangements in connection with these distribution agreements of \$5.5 million, \$5.7



**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

million and \$6.9 million for the years ended December 31, 2023, 2022 and 2021, respectively, were recorded within general, administrative and other in the Consolidated Statements of Income (Loss).

**Employee Compensation and Benefits**

*Cash-based Employee Compensation and Benefits*

The Company compensates its employees through the cash payment of both a fixed component (“base salary”) and a variable component (“bonus”). Base salary is recorded on an accrual basis over each employee’s period of service. Bonus compensation is determined by the Company’s management and is generally discretionary taking into consideration, among other things, the financial results of the Company, as well as the employee’s performance.

*Cash-based Incentive Fee Related Compensation*

Incentive fee compensation consists of discretionary compensation accrued and paid annually based on the Company’s share of incentive fee revenue.

*Carried Interest Compensation*

Certain employees and former employees are entitled to a portion of the carried interest realized from certain GCM Funds, which generally vest over a multi-year period and are payable upon a realization of the carried interest. Accordingly, carried interest resulting from a realization event gives rise to the incurrence of an obligation. Amounts payable under these arrangements are recorded within employee compensation and benefits when they become probable and reasonably estimable.

For certain GCM Funds, realized carried interest is subject to clawback. Although the Company defers the portion of realized carried interest not meeting the criteria for revenue recognition, accruing an expense for amounts due to employees and former employees is based upon when it becomes probable and reasonably estimable that carried interest has been earned and therefore a liability has been incurred. As a result, the recording of an accrual for amounts due to employees and former employees generally precedes the recognition of the related carried interest revenue. The Company withholds a portion of the amounts due to employees and former employees as a reserve against contingent repayments to the GCM Funds. As of December 31, 2023 and 2022, an accrual of \$12.7 million and \$13.3 million, respectively, relating to amounts withheld was recorded within accrued compensation and employee related obligations in the Consolidated Statements of Financial Condition.

*Other Non-cash Compensation*

The Company has established deferred compensation programs for certain employees and accrues deferred compensation expense ratably over the related vesting schedules, recognizing an increase or decrease in compensation expense based on the performance of certain GCM Funds. In addition, the Company has granted compensation awards to employees that represent investments that will be made in GCM Funds on behalf of the employees and were compensation for past services that were fully vested upon the award date. Compensation expense related to deferred compensation and other awards are included within employee compensation and benefits in the Consolidated Statements of Income (Loss).

*Partnership Interest-Based Compensation*

Various individuals, including current and former employees of the Company (“Recipients”), have been awarded partnership interests in Holdings, Holdings II and Management LLC. These partnership interests either (a) grant the Recipients the right to certain cash distributions of profits from Holdings, Holdings II and Management LLC to the extent such distributions are authorized or (b) transfer equity ownership between certain existing employee members of the GCMH Equityholders.

A partnership interest award is accounted for based on its substance. A partnership interest award that is in substance a profit-sharing arrangement or performance bonus would generally not be within the scope of the stock-based compensation guidance and would be accounted for under the guidance for deferred compensation plans, similar to a cash bonus. However, if the arrangement has characteristics more akin to the risks and rewards of equity ownership, the arrangement would be accounted for under stock-based compensation guidance. Since payments or settlements of partnership interest awards are made



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by GCMH Equityholders, the Company records a non-cash profits interest compensation charge and an offsetting deemed contribution to equity (deficit).

The Company analyzes awards granted to Recipients at the time they are granted or modified. Awards that are in substance a profit-sharing arrangement in which rights to distributions of profits are based fully on the discretion of the managing member of Holdings, Holdings II and Management LLC, are recorded within employee compensation and benefits in the Consolidated Statements of Income when Holdings, Holdings II or Management LLC makes distributions to the Recipients. Awards that are in substance stock-based compensation are recorded within employee compensation and benefits on a straight-line basis over the service period based on the grant date fair value of the equity awards. Profit-sharing arrangements that contain a stated target payment are recognized as partnership interest-based compensation expense equal to the present value of expected future payments on a straight-line basis over the service period. Any such expense previously recorded is reversed if the target amount is canceled or forfeited or if the required service period is not provided.

*Equity-Based Compensation*

The Company accounts for grants of equity-based awards, including restricted stock units (“RSUs”), at fair value as of the grant date. Each RSU represents the right to receive payment in the form of one share of Class A common stock or an amount equal to the market value of one share of Class A common stock. Holders of unvested RSUs do not have the right to vote with the underlying shares of Class A common stock, but are generally entitled to accrue dividend equivalents, which are generally paid in cash when such RSUs are delivered. The Company recognizes compensation expense attributable to these grants on a straight-line basis over the requisite service period, which is generally the vesting period. Expenses related to grants of equity-based awards are recorded within employee compensation and benefits in the Consolidated Statements of Income (Loss) and within additional paid-in capital and noncontrolling interests in GCMH in the Consolidated Statements of Financial Condition. The grant-date fair value of RSUs is determined by the closing stock price on the grant date. Awards the Company intends to settle in cash as of the balance sheet date are classified as liabilities within accrued compensation and employee related obligations in the Consolidated Statements of Financial Condition and are subsequently remeasured to the closing stock price as of each reporting date through either the payment date or the date that the Company no longer intends to settle in cash, with the changes in fair value recorded within employee compensation and benefits in the Consolidated Statements of Income (Loss). Forfeitures of equity-based awards are recognized as they occur. See Note 13 for additional information regarding the Company’s equity-based compensation.

**Derivative Instruments**

Derivative instruments enable the Company to manage its exposure to interest rate risk. The Company generally does not engage in derivative or hedging activities, except to hedge interest rate risk on floating rate debt, as described in Note 15.

Derivatives are recognized in the Consolidated Statements of Financial Condition at fair value.

In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. At inception, the Company documents all relationships between derivatives designated as hedging instruments and hedged items, the risk management objectives and strategies for undertaking various hedge transactions, the method of assessing hedge effectiveness, and, if applicable, why forecasted transactions are considered probable. This process includes linking all derivatives that are designated as hedges of the variability of cash flows that are to be received or paid in connection with either a recognized asset or liability, firm commitment or forecasted transaction (“cash flow hedges”) to assets or liabilities in the Consolidated Statements of Financial Condition, firm commitments or forecasted transactions.

The Company generally uses the change in variable cash flows method to assess hedge effectiveness on a quarterly basis. The Company assesses effectiveness on a quarterly basis by evaluating whether the critical terms of the hedging instrument and the forecasted transaction have changed during the period and by evaluating the continued ability of the counterparty to honor its obligations under the contractual terms of the derivative. When the critical terms of the hedging instrument and the forecasted transaction do not match at inception, the Company may use regression or other statistical analyses to assess effectiveness.

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For a qualifying cash flow hedge, changes in the fair value of the derivative, to the extent that the hedge is effective, are recorded within accumulated other comprehensive income (loss) in the Consolidated Statements of Financial Condition and are reclassified to interest expense in the Consolidated Statements of Income (Loss) when the underlying transactions (interest payments) have an impact on earnings. Cash flows are classified in the same category as cash flows from the hedged floating rate debt in the Consolidated Statements of Cash Flows.

#### Provision for Income Taxes

Income taxes are accounted for using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences on differences between the carrying amounts of assets and liabilities and their respective tax basis, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is “more-likely-than not” that some portion or all of the deferred tax assets will not be realized. The realization of the deferred tax assets is dependent on the amount of the Company’s future taxable income.

The Company recognizes interest and penalties related to the underpayment of income taxes, including those resulting from the late filing of tax returns within the provision for income taxes in the Consolidated Statements of Income (Loss). The Company has not incurred a significant amount of interest or penalties in any of the periods presented.

GCMH is treated as a partnership for U.S. federal income tax purposes, and is subject to various state and local taxes. GCMH Equityholders, as applicable, are taxed individually on their share of the earnings; therefore, the Company does not record a provision for federal income taxes on the GCMH Equityholders’ share of the earnings. The Company is subject to U.S. federal, applicable state corporate and foreign income taxes, including with respect to its allocable share of any taxable income of GCMH.

#### Tax Receivable Agreement

In connection with the Transaction as described in Note 1, GCMG entered into a Tax Receivable Agreement with the GCMH Equityholders that will provide for payment by GCMG to the GCMH Equityholders of 85% of the amount of the tax savings, if any, that GCMG realizes (or, under certain circumstances, is deemed to realize) as a result of, or attributable to, (i) increases in the tax basis of assets owned directly or indirectly by GCMH or its subsidiaries from, among other things, any redemptions or exchanges of GCMH common shares (ii) existing tax basis (including amortization deductions arising from such tax basis) in intangible assets owned directly or indirectly by GCMH and its subsidiaries, and (iii) certain other tax benefits (including deductions in respect of imputed interest) related to GCMG making payments under the Tax Receivable Agreement.

#### Earnings (Loss) Per Share

The Company determines earnings (loss) per share in accordance with ASC 260, *Earnings Per Share*. The two-class method of computing earnings (loss) per share is required for entities that have participating securities. The Company’s Class C Common Stock has no economic interest in the earnings of the Company and the Company’s outstanding RSUs do not receive non-forfeitable dividends. As a result, the two-class method is not applicable.

The Company computes basic earnings (loss) per share by dividing net income (loss) attributable to GCMG by the weighted average number of shares outstanding for the applicable period. When calculating diluted earnings (loss) per share, the Company applies the treasury stock method and if-converted method, as applicable, to the warrants, the exchangeable common units of the Partnership and the RSUs to determine the diluted net income (loss) attributable to GCMG and the dilutive weighted-average common units outstanding.

#### Comprehensive Income

Comprehensive income consists of net income (loss) and other comprehensive income (loss). The Company’s other comprehensive income (loss) is comprised of unrealized gains and losses on cash flow hedges and foreign currency translation adjustments.

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**Segments**

Management has determined the Company consists of a single operating and reportable segment, consistent with how the chief operating decision maker allocates resources and assesses performance. Revenues and long-lived assets attributed to locations outside of the United States (“U.S.”) are immaterial.

**Concentration**

The Company has a client base that is diversified across a range of different types of institutional clients and individual investors. The institutional client base consists primarily of public, corporate and Taft-Hartley pension funds as well as banks, insurance companies, sovereign entities, foundations and endowments. The client base is also geographically diversified with concentrations in North America, Asia, the Middle East and Europe.

**Recently Issued Accounting Standards**

*Recently Issued Accounting Standards - Adopted in Current Reporting Period*

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires an entity to utilize a new impairment model known as the current expected credit loss (“CECL”) model to estimate its lifetime “expected credit loss” and record an allowance that presents the net amount expected to be collected on the financial asset. The CECL model is expected to result in more timely recognition of credit losses. ASU 2016-13 also requires new disclosures for financial assets measured at amortized cost, loans and available-for-sale debt securities. The Company adopted this standard on January 1, 2023 on a prospective basis. Adoption did not have a material impact on the Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which amends current guidance to provide optional practical expedients and exceptions, if certain criteria are met, for applying GAAP to contracts, hedging relationships and other transactions that are affected by the reference rate reform. Initially the update did not apply to contract modifications or hedging relationships entered into after December 31, 2022, but in December 2022, the FASB issued ASU 2022-06, which defers the sunset date for applying reference rate reform relief in ASC 848 to December 31, 2024. The Company concluded that the amendments to our credit agreement and interest rate swap, as further discussed in Note 14 and Note 15, met the criteria to apply optional practical expedients. The Company elected the practical expedients that allow companies to account for a modification of a contract as not substantial and to update hedge documentation without having to de-designate the hedging relationship. This guidance must be adopted prior to December 31, 2024. The Company’s adoption of these ASUs in the year ended December 31, 2023 did not have a material impact on the Consolidated Financial Statements.

*Recently Issued Accounting Standards – To be Adopted in Future Periods*

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 scopes in entities with a single reportable segment and requires those entities to provide all disclosures required in Topic 280, requires that current annual disclosures about a reportable segment’s profit or loss and assets also be provided in interim periods and requires other various new disclosures. Enhanced reporting requirements for all entities includes disclosure of (1) significant segment expenses, (2) the title and position of the chief operating decision maker (the “CODM”) and (3) how the CODM uses disclosed measure(s) of a segment’s profit or loss in assessing segment performance and allocating resources. This guidance is effective for public entities for fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. Companies are required to apply the amendments retrospectively to all prior periods presented in the financial statements and early adoption is permitted. The Company is evaluating this guidance and currently expects that adoption will result in new disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires enhanced income tax disclosure including disclosures of specific categories in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold, additional disclosures about income taxes paid, and disclosure of pre-tax income or loss from continuing operations disaggregated between domestic and foreign income or loss. This guidance is effective for public business entities for fiscal years beginning after December 15,

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2024. Companies should provide the enhanced disclosures on a prospective basis, however retrospective application is permitted. Early adoption is permitted for annual financial statements that have not yet been issued. The Company is evaluating this guidance and currently expects that adoption will result in enhanced income tax disclosures.

**3. Mosaic Transaction**

**Prior to Amendment and Exercise of Mosaic Call Right**

Effective January 1, 2020, the Partnership and several subsidiaries, (collectively, the “Seller”) entered into a Purchase and Sale Agreement (“Agreement”) and issued certain limited partnership interests in several subsidiaries (“Carry Plan Entities”) to Mosaic Acquisitions 2020, L.P. (“Mosaic”). In addition, Mosaic also acquired the rights to receive a percentage of carried interest from certain GCM Funds and agreed to provide additional funding under certain circumstances up to a maximum amount as defined in the Agreement (collectively, the “Mosaic Transaction”). Mosaic issued Class A and Class B equity interests to GCMH, Holdings and Mosaic Feeder, L.P. (“Mosaic Feeder”). The Partnership served as the general partner of Mosaic, which was consolidated as the Partnership holds a controlling financial interest in Mosaic. Mosaic Feeder was beneficially owned by Lakeshore Investments GP, LLC (“Lakeshore”), a related party, and an unaffiliated third-party investor (“Mosaic Counterparty”) and was not consolidated. The consideration transferred by Mosaic Counterparty to the Seller for the interests acquired was \$125.4 million. In addition, the Seller received an additional \$48.0 million to fund future investment commitments. Additionally, the Seller could be required to pay additional amounts as long as Mosaic Feeder has an ownership interest in the transferred interests (“Potential Payments”) based on cash flow up to the relevant dates as defined in the Agreement that could total up to a maximum of \$19.9 million, which was broken down as a maximum of \$4.9 million on December 31, 2020, \$7.5 million on December 31, 2021 and \$7.5 million on December 31, 2022. GCMH made a payment of \$4.9 million on December 31, 2020. Such amounts were eligible to be reduced (not below zero) by exceeding certain cumulative distribution thresholds at each relevant date. In addition, any such amounts paid to Mosaic would also reduce, on a dollar-for-dollar basis, the purchase price payable upon exercise of the Put Option.

On December 31, 2020, the Company paid \$2.6 million to Mosaic Feeder for the right, but not the obligation, to require Mosaic Feeder to sell to GCMH all of the Class A and Class B equity interests held by Mosaic Feeder in Mosaic (the “Mosaic Call Right”) for a purchase price equal to the greater of 1.3x its investment or a 12% internal rate of return on its investment.

Further, Mosaic Counterparty had the right, but not the obligation, to require the Partnership to acquire all of the Class A and Class B Interests held by Mosaic Feeder in Mosaic (the “Put Option”) for a purchase price equal to Mosaic Counterparty receiving the greater of 1.3x of its investment or a 12% internal rate of return on its investment (the “Put Price”). The Put Option could only be exercised if a Triggering Event as defined in the Agreement occurred, which management had deemed to be remote. If the Partnership declined to pay the Put Price, Mosaic Counterparty may either step in and act as the general partner of Mosaic and control Mosaic until Mosaic Counterparty recoups the Put Price or effect a transfer of the underlying assets of Mosaic to Mosaic Counterparty.

Management determined that the Mosaic Transaction should be evaluated under the guidance in ASC 810 and concluded that Mosaic was accounted for as a VIE. The Partnership was deemed the primary beneficiary and therefore consolidated Mosaic. In addition, the Partnership concluded that the Put Option was embedded in an equity host contract but did not meet the net settlement criterion of an embedded derivative and therefore no separate accounting was required. However, as the Put Option was not solely within the control of the Partnership, the noncontrolling interest related to Mosaic had been classified as mezzanine equity.

**Amendment and Exercise of Mosaic Call Right**

The terms of the Mosaic Call Right were amended and the purchase price was reduced to 1.225x the investment for the period through July 15, 2021 in exchange for the Company bearing certain interim funding costs of Mosaic Feeder. On July 2, 2021, GCMH exercised the amended Mosaic Call Right to purchase the interest in Mosaic for a net purchase price of \$165.0 million inclusive of distributions through the closing date but net of \$19.5 million of consolidated Mosaic cash to fund investments and option premiums. GCMH’s purchase resulted in the interest previously held by Mosaic Counterparty no longer being accounted for as a redeemable noncontrolling interest of the Company following July 2, 2021. As the Company continues to consolidate Mosaic, the transaction was accounted for as an equity transaction without a change in control at the July 2, 2021 net carrying value, including associated tax impacts. As a result, \$14.0 million was recorded as a reduction to additional paid-in

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capital and \$47.5 million was recorded as a reduction to noncontrolling interests in GCMH on the Company's Consolidated Statements of Equity (Deficit) for the year ended December 31, 2021.

**4. Revenues**

For the years ended December 31, 2023, 2022 and 2021, management fees and incentive fees consisted of the following:

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Management fees</b>			
Management fees, net	\$ 360,888	\$ 356,401	\$ 340,844
Fund expense reimbursement revenue	14,556	10,841	10,372
<b>Total management fees</b>	<b>\$ 375,444</b>	<b>\$ 367,242</b>	<b>\$ 351,216</b>
	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Incentive fees</b>			
Performance fees	\$ 15,313	\$ 2,623	\$ 51,947
Carried interest	49,590	72,544	121,906
<b>Total incentive fees</b>	<b>\$ 64,903</b>	<b>\$ 75,167</b>	<b>\$ 173,853</b>

The Company recognized revenues during the years ended December 31, 2023, 2022 and 2021 of \$0.5 million, \$0.4 million and \$2.3 million, respectively, that were previously received and deferred at the beginning of the respective periods.

**5. Investments**

Investments consist of the following:

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Equity method investments	\$ 228,822	\$ 213,776
Other investments	11,380	10,194
<b>Total investments</b>	<b>\$ 240,202</b>	<b>\$ 223,970</b>

As of December 31, 2023 and 2022, the Company held investments of \$240.2 million and \$224.0 million, respectively, of which \$56.1 million and \$64.9 million were owned by noncontrolling interest holders, respectively. Future net income (loss) and cash flow from investments held by noncontrolling interest holders will not be attributable to the Company.

**Equity Method Investments**

The summarized financial information of the Company's equity method investments is as follows:

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Total assets	\$ 42,312,866	\$ 40,326,304
Total liabilities	\$ 1,357,554	\$ 1,655,742
<b>Total equity</b>	<b>\$ 40,955,312</b>	<b>\$ 38,670,562</b>

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	Year Ended December 31,		
	2023	2022	2021
Investment income	\$ 187,989	\$ 109,180	\$ 195,613
Expenses	347,320	304,908	293,729
Net investment loss	(159,331)	(195,728)	(98,116)
Net realized and unrealized gain	1,831,634	1,108,471	8,441,314
Net income	\$ 1,672,303	\$ 912,743	\$ 8,343,198

The Company evaluates each of its equity method investments to determine if any were significant as defined by the SEC. As of December 31, 2023 and 2022, no individual equity method investment held by the Company met the significance criteria. As such, the Company is not required to present separate financial statements for any of its equity method investments.

**Other Investments**

See Note 6 for fair value disclosures of certain investments held within other investments.

**6. Fair Value Measurements**

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis and level of inputs used for such measurements as of December 31, 2023 and 2022:

	Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Money market funds	\$ 10,282	\$ —	\$ —	\$ 10,282
Other investments	—	—	11,192	11,192
<b>Total assets</b>	<u>\$ 10,282</u>	<u>\$ —</u>	<u>\$ 11,192</u>	<u>\$ 21,474</u>
<b>Liabilities</b>				
Public warrants	\$ 6,042	\$ —	\$ —	\$ 6,042
Private warrants	—	—	389	389
Interest rate derivatives	—	7,469	—	7,469
<b>Total liabilities</b>	<u>\$ 6,042</u>	<u>\$ 7,469</u>	<u>\$ 389</u>	<u>\$ 13,900</u>
<b>Fair Value as of December 31, 2022</b>				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Money market funds	\$ 36,240	\$ —	\$ —	\$ 36,240
Other investments	—	—	10,007	10,007
<b>Total assets</b>	<u>\$ 36,240</u>	<u>\$ —</u>	<u>\$ 10,007</u>	<u>\$ 46,247</u>
<b>Liabilities</b>				
Public warrants	\$ 7,386	\$ —	\$ —	\$ 7,386
Private warrants	—	—	475	475
Interest rate derivatives	—	6,473	—	6,473
<b>Total liabilities</b>	<u>\$ 7,386</u>	<u>\$ 6,473</u>	<u>\$ 475</u>	<u>\$ 14,334</u>



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**Money Market Funds**

Money market funds are valued using quoted market prices and are included in cash and cash equivalents in the Consolidated Statements of Financial Condition.

**Interest Rate Derivatives**

Management determines the fair value of its interest rate derivative agreement based on the present value of expected future cash flows based on observable future rates applicable to each swap contract using linear interpolation, inclusive of the risk of non-performance, using a discount rate appropriate for the duration. See Note 15 for additional information regarding interest rate derivatives.

**Other Investments**

Investments in the subordinated notes of a structured alternatives investment solution are not publicly traded and are classified as Level 3. Management determines the fair value of these other investments using a discounted cash flow analysis (“Cash Flow Analysis”), which includes assumptions regarding the expected deployment and realization timing of private investments. The position was classified as Level 3 as of December 31, 2023 and 2022 because of the use of significant unobservable inputs in the Cash Flow Analysis as follows:

Significant Unobservable Inputs <sup>(1)</sup>	December 31, 2023		December 31, 2022		Impact to Valuation from an Increase in Input <sup>(2)</sup>
	Range	Weighted Average	Range	Weighted Average	
Discount rate <sup>(3)</sup>	26.5% - 27.5%	27.0 %	25.5% - 26.5%	26.0 %	Decrease
Expected remaining term (years)	8 – 12	N/A	9 – 13	N/A	Decrease
Expected return – liquid assets <sup>(4)</sup>	2.0% - 5.0%	4.3 %	2.0% - 6.0%	5.0 %	Increase
Expected total value to paid in capital – private assets <sup>(5)</sup>	1.55x – 2.05x	1.87x	1.32x – 2.40x	1.85x	Increase

- (1) In determining these inputs, management considers the following factors including, but not limited to: liquidity, estimated yield, capital deployment, diversified multi-strategy appreciation, expected net multiple of investment capital across Private Assets investments, annual operating expenses, as well as investment guidelines such as concentration limits, position size, and investment periods.
- (2) Unless otherwise noted, this column represents the directional change in fair value of the Level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect.
- (3) The discount rate was based on the relevant benchmark rate, spread, and yield migrations on related securitized assets.
- (4) Inputs were weighted based on actual and estimated expected return included in the range.
- (5) Inputs were weighted based on the actual and estimated commitments to the respective private asset investments included in the range.

The resulting fair values of \$11.2 million and \$10.0 million were recorded within investments in the Consolidated Statements of Financial Condition as of December 31, 2023 and 2022, respectively.

The following table presents changes in Level 3 assets measured at fair value for the years ended December 31, 2023 and 2022.

	Year Ended December 31,	
	2023	2022
Balance at beginning of period	\$ 10,007	\$ 11,010
Change in fair value	1,185	(1,003)
Balance at end of period	<u>\$ 11,192</u>	<u>\$ 10,007</u>

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**Public Warrants**

The public warrants are valued using quoted market prices on the Nasdaq Stock Market LLC under the ticker GCMGW.

**Private Warrants**

The private warrants were classified as Level 3 as of December 31, 2023 and 2022 because of the use of significant unobservable inputs in the valuation, however the overall private warrant valuation and change in fair value are not material to the Consolidated Financial Statements.

The valuations for the private warrants were determined to be \$0.43 and \$0.53 per unit as of December 31, 2023 and 2022, respectively. The resulting fair values of \$0.4 million and \$0.5 million were recorded within warrant liabilities in the Consolidated Statements of Financial Condition as of December 31, 2023 and 2022, respectively. See Note 9 for additional information regarding the warrant activity.

The following table presents changes in Level 3 liabilities measured at fair value for the years ended December 31, 2023 and 2022:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at beginning of period	\$ 475	\$ 1,584
Change in fair value	(86)	(1,109)
Balance at end of period	<u>\$ 389</u>	<u>\$ 475</u>

**7. Intangible Assets**

Intangible assets, net consist of the following:

	<b>As of December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Accumulated amortization</b>	<b>Net carrying amount</b>
Subject to amortization:			
Investment management contracts	\$ 36,190	\$ (36,190)	\$ —
Customer relationships	23,518	(20,891)	2,627
Technology	2,030	(2,030)	—
Other	620	(620)	—
	<u>\$ 62,358</u>	<u>\$ (59,731)</u>	<u>\$ 2,627</u>
	<b>As of December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Accumulated amortization</b>	<b>Net carrying amount</b>
Subject to amortization:			
Investment management contracts	\$ 36,190	\$ (36,190)	\$ —
Customer relationships	23,518	(19,578)	3,940
Technology	2,030	(2,030)	—
Other	620	(620)	—
	<u>\$ 62,358</u>	<u>\$ (58,418)</u>	<u>\$ 3,940</u>

Amortization expense of \$1.3 million, \$2.3 million and \$2.3 million was recognized for the years ended December 31, 2023, 2022 and 2021, respectively.

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### Notes to Consolidated Financial Statements

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The following approximates the future estimated amortization expense relating to intangible assets:

#### Year Ended December 31,

2024	\$	1,313
2025		1,314
2026		—
2027		—
2028		—
Thereafter		—

#### 8. Equity

The Company has one class of preferred stock authorized, three classes of common stock authorized: Class A common stock, Class B common stock and Class C common stock, and warrants. See Note 9 for additional information regarding the warrants. Holders of Class A common stock and Class C common stock vote together as a single class on all matters submitted to the stockholders for their vote or approval, except as required by applicable law.

##### Preferred Stock

The Company is authorized to issue 100,000,000 shares of preferred stock with a par value of \$0.0001 per share. Voting and other rights and preferences may be determined from time to time by the Company's Board of Directors. As of December 31, 2023 and 2022, there were no shares of preferred stock issued or outstanding.

##### Class A Common Stock

Holders of Class A common stock are entitled to one vote for each share on all matters submitted to the stockholders for their vote or approval. Additionally, holders of shares of Class A common stock are entitled to receive dividends as and if declared by the Board of Directors out of legally available funds.

##### Class B Common Stock

Holders of Class B common stock are not entitled to any votes on any matter that is submitted to a vote by the Company's stockholders, except as required by Delaware law. Delaware law would permit holders of Class B common stock to vote, with one vote per share, on a matter if it were to (i) change the par value of the Class B common stock or (ii) amend the Charter to alter the powers, preferences, or special rights of the Class B common stock as a whole in a way that would adversely affect the holders of Class B common stock. Holders of shares of Class B common stock are entitled to receive dividends as and if declared by the Board of Directors out of legally available funds.

##### Class C Common Stock

Holders of Class C common stock are entitled to carry up to 10 votes per share and represent no more than 75% of the voting power of the total voting stock. Holders of Class C common stock do not have any right to receive dividends other than stock dividends consisting of shares of Class C common stock, paid proportionally with respect to each outstanding share of Class C common stock.

Shares of Class C common stock are cancelled upon a sale or transfer of Class A common stock received as a result of any redemption or exchange of GCMH common units outstanding to any person that is not the Chairman of the Board and Chief Executive Officer of the Company or GCMH Equityholders (or affiliate or owner) as of November 17, 2020. Additionally, shares of Class C common stock are cancelled if there happens to be a redemption or exchange of a common unit for cash.

The GCMH Equityholders may from time to time cause GCMH to redeem any or all of their GCMH common units in exchange, at the Company's election, for either cash (based on the market price for a share of the Class A common stock) or shares of Class A common stock.

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Shares of Class A common stock, Class B common stock and Class C common stock are not subject to any conversion right.

**Shares of Common Stock Outstanding**

The following table shows a rollforward of the common stock outstanding for the years ended December 31, 2023, 2022 and 2021:

	Class A common stock	Class B common stock	Class C common stock
December 31, 2020	40,835,093	—	144,235,246
Exercise of warrants	1,794,003	—	—
Net shares delivered for vested RSUs	1,413,724	—	—
Repurchase of Class A shares	(78,730)	—	—
December 31, 2021	<u>43,964,090</u>	<u>—</u>	<u>144,235,246</u>
Exercise of warrants	30	—	—
Net shares delivered for vested RSUs	1,120,432	—	—
Repurchase of Class A shares	(3,278,337)	—	—
December 31, 2022	<u>41,806,215</u>	<u>—</u>	<u>144,235,246</u>
Net shares delivered for vested RSUs	1,746,537	—	—
Repurchase of Class A shares	(564,189)	—	—
December 31, 2023	<u>42,988,563</u>	<u>—</u>	<u>144,235,246</u>

As of December 31, 2023, 268,441 RSUs were vested, but not yet delivered, and are therefore not yet included in outstanding Class A common stock. The delivery of vested RSUs will be reduced by the number of shares withheld to satisfy statutory withholding tax obligations.

**Dividends**

Dividends are reflected in the Consolidated Statements of Equity (Deficit) when declared by the Board of Directors. The table below summarizes dividends declared during 2023, 2022 and 2021:

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Declaration Date	Record Date	Payment Date	Dividend per Common Share
January 4, 2021	March 1, 2021	March 15, 2021	\$0.06
February 25, 2021	June 1, 2021	June 15, 2021	\$0.08
August 6, 2021	September 1, 2021	September 15, 2021	\$0.09
November 8, 2021	December 1, 2021	December 15, 2021	\$0.10
Total dividends paid per share, year ended December 31, 2021			\$0.33
February 10, 2022	March 1, 2022	March 15, 2022	\$0.10
May 5, 2022	June 1, 2022	June 15, 2022	\$0.10
August 8, 2022	September 1, 2022	September 15, 2022	\$0.10
November 7, 2022	December 1, 2022	December 15, 2022	\$0.11
Total dividends paid per share, year ended December 31, 2022			\$0.41
February 9, 2023	March 1, 2023	March 15, 2023	\$0.11
May 9, 2023	June 1, 2023	June 15, 2023	\$0.11
August 8, 2023	September 1, 2023	September 15, 2023	\$0.11
November 7, 2023	December 1, 2023	December 15, 2023	\$0.11
Total dividends paid per share, year ended December 31, 2023			\$0.44

Dividend equivalent payments of \$1.2 million and \$1.4 million were accrued for holders of RSUs as of December 31, 2023 and 2022, respectively. Distributions to partners represent distributions made to GCMH Equityholders.

**Stock Repurchase Plan**

On August 6, 2021, GCMG's Board of Directors authorized a stock repurchase plan, which may be used to repurchase shares of the Company's outstanding Class A common stock and warrants to purchase shares of Class A common stock. Class A common stock and warrants may be repurchased from time to time in open market transactions, in privately negotiated transactions, including with employees or otherwise, pursuant to the requirements of Rule 10b5-1 and Rule 10b-18 of the Exchange Act, as well as to retire (by cash settlement or the payment of tax withholding amounts upon net settlement) equity-based awards granted under our 2020 Incentive Award Plan, as amended and restated (and any successor plan thereto), with the terms and conditions of these repurchases depending on legal requirements, price, market and economic conditions and other factors. The Company is not obligated under the terms of the plan to repurchase any of its Class A common stock or warrants, the program has no expiration date, and the Company may suspend or terminate the program at any time without prior notice. Any shares of Class A common stock and any warrants repurchased as part of this program will be canceled. GCMG's Board of Directors has made subsequent increases to its original stock repurchase authorization amount for shares and warrants. As of December 31, 2022, the total authorization was \$90.0 million, excluding fees and expenses. On August 8, 2023, GCM Grosvenor's Board of Directors increased the firm's existing repurchase authorization by \$25 million, from \$90 million to \$115 million. On February 8, 2024, GCM Grosvenor's Board of Directors further increased the firm's existing repurchase authorization by \$25 million, from \$115 million to \$140 million.

The table below presents information about deemed repurchases for (1) RSUs that were settled in cash and (2) amounts withheld in connection with the payment of tax liabilities on behalf of employees upon the settlement of vested RSUs. See Note 13 for additional information regarding RSUs.

	Year Ended December 31,		
	2023	2022	2021
Deemed repurchases of Class A common stock	3,289,385	740,699	615,285
Average cost per deemed repurchase of Class A common stock	\$ 7.85	\$ 8.70	\$ 11.27
Total cost of deemed repurchases	\$ 25,835	\$ 6,445	\$ 6,934

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The table below presents information about the repurchase of public warrants, which each entitle the holder to purchase one share of Class A common stock.

	Year Ended December 31,		
	2023	2022	2021
Public warrants	—	2,812,764	681,800
Average cost per warrant	\$ —	\$ 0.91	\$ 1.87
Total cost of public warrants repurchases	\$ —	\$ 2,569	\$ 1,273

The table below presents information about Class A common stock repurchased on the open market.

	Year Ended December 31,		
	2023	2022	2021
Class A common stock	564,189	3,278,337	78,730
Average cost per share	\$ 7.94	\$ 8.05	\$ 11.26
Total cost of Class A common stock repurchases	\$ 4,478	\$ 26,391	\$ 887

As of December 31, 2023, the Company had \$40.2 million remaining under the stock repurchase plan.

## 9. Warrants

### *Public Warrants*

Each public warrant entitles the registered holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment. A warrant holder may exercise its warrants only for a whole number of shares of Class A common stock. This means that only a whole warrant may be exercised at any given time by a warrant holder. The warrants expire 5 years after the consummation of the Transaction, or earlier upon redemption or liquidation.

The Company may call the warrants for redemption:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, the last reported sale price of the Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three trading days before the Company sends the notice of redemption to the warrant holders.

Warrant holders do not have the rights or privileges of holders of Class A common stock and any voting rights until they exercise their warrants and receive shares of Class A common stock. After the issuance of shares of Class A common stock, upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

### *Private Placement Warrants*

The private placement warrants (including the Class A common stock issuable upon exercise of the private placement warrants) will not be redeemable by the Company so long as they are held by CF Sponsor, Holdings or their permitted transferees. CF Sponsor, Holdings or their permitted transferees, have the option to exercise the private placement warrants on a cashless basis.



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If holders of the private placement warrants elect to exercise them on a cashless basis, they would calculate the exercise price by dividing (x) the number of shares of Class A common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the “fair market value” (defined below) by (y) the average volume weighted average last reported sale price of the Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent (the “fair market value”).

The following table shows a rollforward of the public and private warrants outstanding for the years ended December 31, 2023, 2022 and 2021:

	<b>Public Warrants</b>	<b>Private Warrants</b>	<b>Total</b>
December 31, 2020	20,273,567	2,700,000	22,973,567
Exercises of warrants	(1,794,003)	—	(1,794,003)
Transfer in (out)	1,800,000	(1,800,000)	—
Repurchases	(681,800)	—	(681,800)
December 31, 2021	<u>19,597,764</u>	<u>900,000</u>	<u>20,497,764</u>
Exercises of warrants	(30)	—	(30)
Repurchases	(2,812,764)	—	(2,812,764)
December 31, 2022	<u>16,784,970</u>	<u>900,000</u>	<u>17,684,970</u>
Exercises of warrants	—	—	—
Repurchases	—	—	—
December 31, 2023	<u>16,784,970</u>	<u>900,000</u>	<u>17,684,970</u>

No warrants were exercised or repurchased during the year ended December 31, 2023. During the years ended December 31, 2022 and 2021, 30 and 1,794,003 public warrants were exercised, respectively, resulting in less than \$0.1 million and \$20.6 million of proceeds, respectively. Pursuant to the stock repurchase plan described in Note 8, during the years ended December 31, 2022 and 2021, the Company repurchased 2,812,764 and 681,800 public warrants, respectively, for \$2.6 million and \$1.3 million, respectively, or an average of \$0.91 and \$1.87 per warrant, respectively.

**10. Variable Interest Entities**

The Company consolidates certain VIEs in which it is determined that the Company is the primary beneficiary.

The Company holds variable interests in certain entities that are VIEs which are not consolidated, as it is determined that the Company is not the primary beneficiary. The Company’s involvement with such entities is generally in the form of direct equity interests in, and fee arrangements with, the entities in which it also serves as the general partner or managing member. The Company evaluated its variable interests in the VIEs and determined it is not considered the primary beneficiary of the entities primarily because it does not have interests in the entities that could potentially be significant. No reconsideration events that caused a change in the Company’s consolidation conclusions occurred during either the year ended December 31, 2023 or 2022. As of December 31, 2023 and 2022, the total unfunded commitments from the special limited partner and general partners to the unconsolidated VIEs were \$42.1 million and \$41.1 million, respectively. These commitments are the primary source of financing for the unconsolidated VIEs.

The following table sets forth certain information regarding the VIEs in which the Company holds a variable interest but does not consolidate. The assets recognized on the Company’s Consolidated Statements of Financial Condition relate to the Company’s interests in and management fees, incentive fees and third party costs receivables from these non-consolidated VIEs. The Company’s maximum exposure to loss relating to non-consolidated VIEs as of December 31, 2023 and 2022 were as follows:

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	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Investments	\$ 102,109	\$ 98,712
Receivables	16,324	11,695
Maximum exposure to loss	<u>\$ 118,433</u>	<u>\$ 110,407</u>

The above table includes investments in VIEs which are owned by noncontrolling interest holders of approximately \$30.9 million and \$36.7 million as of December 31, 2023 and 2022, respectively.

### 11. Premises and Equipment

A summary of premises and equipment as of December 31, 2023 and 2022 is as follows:

	<b>As of December 31,</b>		<b>Estimated Useful Lives</b>
	<b>2023</b>	<b>2022</b>	
Furniture, fixtures and leasehold improvements	\$ 36,457	\$ 36,481	3 – 7 years
Office equipment	1,063	1,064	5 years
Computer equipment and software	19,615	18,806	3 – 5 years
Aircraft	1,550	1,550	5 years
Assets in progress	3,407	107	
Premises and equipment, at cost	62,092	58,008	
Accumulated depreciation and amortization	(54,714)	(53,388)	
Premises and equipment, net	<u>\$ 7,378</u>	<u>\$ 4,620</u>	

In August 2019, the Company acquired a 12.5% interest in an aircraft which is being amortized over five years. In March 2021, the Company assigned 50% of its interest to Holdings for cash consideration of \$1.3 million.

Total depreciation and amortization expense related to premises and equipment of \$1.4 million, \$1.5 million and \$1.7 million was recognized for the years ended December 31, 2023, 2022 and 2021, respectively.

### 12. Employee Compensation and Benefits

For the years ended December 31, 2023, 2022 and 2021, employee compensation and benefits consisted of the following:

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Cash-based employee compensation and benefits	\$ 156,153	\$ 160,522	\$ 162,901
Equity-based compensation	50,667	30,721	44,190
Partnership interest-based compensation	103,934	31,811	27,671
Carried interest compensation	28,505	41,920	67,773
Cash-based incentive fee related compensation	15,628	11,001	28,002
Other non-cash compensation	1,157	1,336	3,300
Total employee compensation and benefits	<u>\$ 356,044</u>	<u>\$ 277,311</u>	<u>\$ 333,837</u>

### Partnership Interest in Holdings, Holdings II and Management LLC

Payments and settlements for partnership interest awards to the employees are made by GCMH Equityholders. As a result, the Company records a non-cash profits interest compensation charge and an offsetting deemed contribution to equity

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(deficit) to reflect the payments or settlements made or owed by the GCMH Equityholders. Since payments or settlements are made by Holdings, Holdings II and Management LLC, the expense that is pushed down to GCMH and the offsetting deemed contribution are each attributed solely to noncontrolling interests in GCMH. Any liability related to the awards is recognized at Holdings, Holdings II or Management LLC as Holdings, Holdings II or Management LLC is the party responsible for satisfying the obligation, and is not shown in the Company's Consolidated Financial Statements. The Company has recorded deemed contributions to equity (deficit) from Holdings, Holdings II and Management LLC of \$103.9 million, \$31.8 million and \$27.7 million for the years ended December 31, 2023, 2022 and 2021, respectively, for partnership interest-based compensation expense which was or will ultimately be paid or settled by Holdings, Holdings II or Management LLC.

GCMH Equityholders have modified awards to certain individuals upon their voluntary retirement or intention to retire as employees. These awards generally include a stated target amount that, upon payment, terminates the recipient's rights to future distributions and allows for a lump sum buy-out of the awards, at the discretion of the managing member of Holdings, Holdings II, and Management LLC. The awards are accounted for as partnership interest-based compensation at the fair value of these expected future payments, in the period the employees accepted the offer. No partnership interest-based compensation expense related to award modifications was recognized for the year ended December 31, 2023 (other than as discussed for the Holdings Awards below) and \$6.3 million was recognized for each of the years ended December 31, 2022 and 2021.

The liability associated with awards that contain a stated target has been retained by Holdings as of December 31, 2023 and 2022 and is re-measured at each reporting date, with any corresponding changes in liability being reflected as employee compensation and benefits expense of the Company. No recipients had unvested stated target payments as of either December 31, 2023 or 2022. Certain recipients had unvested stated target payments of \$6.3 million as of December 31, 2021, which was not reflected as employee compensation and benefits expense by the Company as of December 31, 2021. The Company recognized partnership interest-based compensation expense of \$21.4 million, \$23.1 million and \$21.4 million for the years ended December 31, 2023, 2022 and 2021, respectively, related to profits interest awards that are in substance profit-sharing arrangements.

#### *GCMH Equityholders Awards*

In the year ended December 31, 2022, GCMH Equityholders entered into agreements that will transfer equity ownership between certain existing employee members of the GCMH Equityholders ("GCMH Equityholders Awards"). The GCMH Equityholders Awards will entitle recipients to receive Class A common stock upon vesting. The non-cash awards serve to transfer equity ownership from existing GCMH Equityholders to other existing member employees upon vesting. The GCMH Equityholders Awards do not dilute Class A common stockholders and do not impact cash flows of the Company. The GCMH Equityholders Awards are accounted for under ASC 718, *Compensation—Stock Compensation*. The awards generally will vest in May 2025 and do not entitle the recipients to dividends or distributions made on Class A common stock during the vesting period. As such, the fair value of the GCMH Equityholders Awards is based on the closing price of Class A common stock on the accounting grant date less the present value of dividends expected to be paid during the vesting period. GCMH Equityholders can settle the awards upon vesting by exchanging outstanding GCMH common units or by otherwise acquiring and delivering Class A common stock, and therefore the vesting of such awards will not dilute Class A common stockholders. The GCMH Equityholders Awards therefore have no economic impact on Class A common stockholders. As such, the expense that is pushed down to GCMH and the offsetting deemed contribution are each attributed solely to noncontrolling interests in GCMH, consistent with the accounting for payments to employees described above. The GCMH Equityholders Awards of 7,169,415 units had an aggregate grant date fair value of \$53.4 million, or an average grant date fair value of \$7.45 per unit. The Company recognized partnership interest-based compensation expense related to the GCMH Equityholders Awards of \$21.9 million and \$2.4 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, total unrecognized compensation expense related to unvested GCMH Equityholders Awards was \$29.1 million and is expected to be recognized over the remaining weighted average period of 1.3 years.

#### *Holdings Awards*

On May 9, 2023, Holdings entered into amended and restated participation certificates with existing employee members ("Holdings Awards"). The Holdings Awards entitle recipients to a stated percentage, or minimum allocable share, of distributions from Holdings, as well as a profits interest with respect to net sale proceeds from dispositions of Holdings properties after certain threshold distributions to other members. Pursuant to ASC 505, the Holdings Awards will be recognized

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as compensation expense with a corresponding deemed contribution and are accounted for under ASC 718, *Compensation—Stock Compensation* as the awards have characteristics that are more akin to the risks and rewards of equity ownership in Holdings. These awards do not dilute Class A common stockholders and therefore have no economic impact on Class A common stockholders.

Certain of these existing employee members were previously awarded target amounts that entitled them to a stated percentage, or minimum allocable share, of distributions from Holdings until they received a sum certain. Those target amounts represented by those sums, which were previously recorded as partnership interest-based compensation, were reduced to zero in the amended and restated participation certificates. As a result, target amounts that were previously recorded as partnership interest-based compensation were reversed, while partnership interest-based compensation associated with the amended and restated participation certificates is recorded.

The Holdings Awards had an aggregate grant date fair value of \$155.5 million. The fair value of the Holdings Awards was determined by a third-party valuation firm utilizing a discounted cash flow analysis for the minimum allocable share and a Monte Carlo simulation valuation model for the profits interest with respect to net sale proceeds from dispositions of Holdings properties after the threshold distributions. Significant valuation inputs and assumptions included Holdings projected financial information and distributions, an estimated 10 year holding period, a 15.4% cost of equity, a 13.0% weighted average cost of capital, a 35% volatility assumption, the likelihood of a defined conversion event, a 40% discount for lack of marketability, and the fair value of reference properties that determine the threshold distributions for the profits interest with respect to net sale proceeds. The resulting fair value of the Holdings Awards is pushed down from Holdings to the Company and recorded as compensation expense. A portion of the Holdings Awards were vested upon grant, resulting in immediate expense recognition. The Company recognized partnership interest-based compensation expense related to the Holdings Awards of \$60.6 million for the year ended December 31, 2023, which is net of \$80.0 million target amounts reversed during the year ended December 31, 2023. A portion of the Holdings Awards will vest and be expensed over a requisite service period through December 31, 2024. As of December 31, 2023, total unrecognized compensation expense related to unvested Holdings Awards was \$14.8 million and is expected to be recognized over the remaining weighted average period of 1.0 year.

**Other**

Other consists of employee compensation and benefits expense related to deferred compensation programs and other awards that represent investments made in GCM Funds on behalf of the employees.

**13. Equity-Based Compensation**

**2020 Incentive Award Plan**

During February 2021, the Company adopted the 2020 Incentive Award Plan. The 2020 Incentive Award Plan, as amended and restated, allows for the granting of stock options, stock appreciation rights, restricted stock awards, restricted stock units, and other stock or cash based awards or dividend equivalent awards to employees, directors and consultants.

**Restricted Stock Units**

In March 2021, the Company granted 4.8 million RSUs to certain employees and directors in connection with the Transaction. The RSUs had an aggregate grant date fair value of \$62.1 million. In addition to the March 2021 grant, an additional 0.4 million RSUs with an aggregate grant date fair value of \$4.1 million were granted to certain employees during the year ended December 31, 2021.

In the year ended December 31, 2022, the Company granted 1.3 million equity-classified RSUs and 3.2 million liability-classified RSUs with aggregate grant date fair values of \$12.3 million and \$27.2 million, respectively, to certain employees.

In the year ended December 31, 2023, the Company granted 1.9 million equity-classified RSUs and 4.0 million liability-classified RSUs with aggregate grant date fair values of \$15.8 million and \$31.0 million, respectively, to certain employees.

Liability-classified RSUs are either classified as liabilities because they are required to be settled in cash or because the Company has the right to and intends to, as of each respective period end, settle the RSUs partially or wholly in cash. During

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the year ended December 31, 2023, the Company reclassified 1.3 million RSUs from liability-classified to equity-classified based on management's intent to settle (or actual settlement of) the awards in shares of Class A common stock. The majority of liability-classified awards outstanding at December 31, 2023 were granted in October 2023 and vest on March 1, 2024.

Other than RSUs granted in October 2023, outstanding awards generally vest either (a) one-third at the grant date with the remainder over two years in equal annual installments or (b) over a one to three year period. Upon delivery, the Company may withhold the number of shares to satisfy the statutory withholding tax obligation and deliver the net number of resulting shares vested.

See Note 12 for additional information regarding GCMH Equityholders Awards and Holdings Awards.

A summary of non-vested equity-classified RSU activity for the year ended December 31, 2023 is as follows:

	Number of RSUs	Weighted-Average Grant-Date Fair Value Per RSU
Balance as of December 31, 2022	2,240,797	\$ 11.71
Granted	1,919,857	8.23
Reclassified from liability-classified RSUs	1,272,839	8.36
Vested	(3,127,735)	10.52
Forfeited	(141,595)	9.52
Balance as of December 31, 2023	<u>2,164,163</u>	<u>\$ 8.51</u>

A summary of non-vested liability-classified RSU activity for the year ended December 31, 2023 is as follows:

	Number of RSUs	Weighted-Average Grant-Date Fair Value Per RSU
Balance as of December 31, 2022	3,155,161	\$ 8.41
Granted	4,002,901	7.76
Reclassified to liability-classified RSUs	(1,272,839)	8.36
Vested	(2,153,025)	8.40
Forfeited	(182,012)	7.89
Balance as of December 31, 2023	<u>3,550,186</u>	<u>\$ 7.73</u>

The total grant-date fair value of RSUs that vested during the years ended December 31, 2023, 2022 and 2021 was \$51.0 million, \$24.2 million and \$27.4 million, respectively. For the years ended December 31, 2023, 2022 and 2021, \$50.7 million, \$30.7 million and \$44.2 million, respectively, of compensation expense related to RSUs was recorded within employee compensation and benefits in the Consolidated Statements of Income (Loss). As of December 31, 2023, total unrecognized compensation expense related to non-vested RSUs was \$27.3 million and is expected to be recognized over the remaining weighted average period of 1.7 years.

The total tax benefit recognized related to the delivered RSUs for the years ended December 31, 2023, 2022 and 2021, was \$2.2 million, \$0.9 million and \$1.3 million, respectively.

On January 15, 2024, the Company granted 1.4 million liability-classified RSUs that vest on April 15, 2024.

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**14. Debt**

The table below summarizes the outstanding debt balance as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
Senior loan	\$ 389,000	\$ 393,000
Less: debt issuance costs	(4,273)	(5,373)
Total debt	<u>\$ 384,727</u>	<u>\$ 387,627</u>

Maturities of debt for the next five years and thereafter are as follows:

Year Ended December 31,	
2024	4,000
2025	4,000
2026	4,000
2027	4,000
2028	373,000
Thereafter	—
Total	<u>\$ 389,000</u>

**Senior Loan**

On January 2, 2014, the Company entered into a senior secured term loan facility (“Senior Loan”) which was subsequently amended through several debt modifications.

On February 24, 2021, the Company completed an amendment and extension of its Senior Loan to further extend the maturity (“Amended Credit Agreement”). Approximately \$290.0 million of the aggregate principal amount of the Senior Loan was extended from a maturity date of March 29, 2025 to a maturity date of February 24, 2028. Concurrently with the effectiveness of the Amended Credit Agreement, the Company made a voluntary prepayment on the Senior Loan in an aggregate principal amount of \$50.3 million. On June 23, 2021, the Company further amended its Senior Loan to increase the aggregate principal amount from \$290.0 million to \$400.0 million (as extended and increased, the “2028 Term Loans”). The Company capitalized \$0.9 million and \$2.2 million of debt issuances costs related to payments to lenders in connection with the amendments and extension of its Senior Loan in February and June 2021, respectively, which were recorded within debt in the Consolidated Statements of Financial Condition. As a result of the prepayment in February 2021, the Company recorded an expense of \$0.7 million related to the acceleration of deferred debt issuance costs, which was recorded within other income (expense) in the Consolidated Statements of Income (Loss) for the year ended December 31, 2021. The Company also expensed \$2.6 million of third-party costs related to the amendment, which was recorded within general, administrative and other in the Consolidated Statements of Income (Loss) for the year ended December 31, 2021.

Since and beginning on June 30, 2021, quarterly principal payments of \$1.0 million are required to be made toward the 2028 Term Loans (less any reduction for prior or future voluntary or mandatory prepayments of principal). Through June 30, 2023, the 2028 Term Loans had an interest rate of 2.50% over the LIBOR, subject to a 0.50% LIBOR floor. On June 29, 2023 the Company entered into Amendment No. 7 to the Credit Agreement to incorporate changes for the contemplated transition to the Term Secured Overnight Financing Rate (“Term SOFR”), and on July 1, 2023, in conjunction with a Benchmark Transition Event, the interest rate defaulted to the Term SOFR plus a Benchmark Replacement Adjustment of 0.11% as recommended by the Relevant Governmental Body (all terms as defined in the Amended Credit Agreement).

In addition to the scheduled principal repayments, the Company is required to offer to make prepayments of Consolidated Excess Cash Flow (“Cash Flow Payments”) no later than five days following the date the quarterly financial statements are due if the leverage ratio exceeds certain thresholds in the Amended Credit Agreement. The Cash Flow Payments



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were calculated as defined in the Senior Loan agreement based on a percentage of calculated excess cash. During the years ended December 31, 2023, 2022 and 2021, the Company was not required to offer to make any Cash Flow Payments.

As of December 31, 2023 and 2022, \$389.0 million and \$393.0 million of 2028 Term Loans were outstanding, respectively, with weighted average interest rates of 7.59% and 4.27% for the years ended December 31, 2023 and 2022, respectively.

Under the credit and guaranty agreement governing the terms of the Senior Loan, the Company must maintain certain leverage and interest coverage ratios. The credit and guaranty agreement also contains other covenants that, among other things, restrict the ability of the Company and its subsidiaries to incur debt and restrict the Company and its subsidiaries ability to merge or consolidate, or sell or convey all or substantially all of the Company's assets. As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

GCMH Equityholders and IntermediateCo have executed a pledge agreement ("Pledge Agreement") and security agreement ("Security Agreement") with the lenders of the Senior Loan. Under the Pledge Agreement, GCMH Equityholders and IntermediateCo have agreed to secure the obligations under the Senior Loan by pledging its interests in GCMH as collateral against the repayment of the senior secured notes, and GCMH has agreed to secure the obligations under the Senior Loan by granting a security interest in and continuing lien on the collateral described in the Security Agreement. The Pledge Agreement and Security Agreement will remain in effect until such time as all obligations relating to the Senior Loan have been fulfilled.

#### **Credit Facility**

Concurrent with the issuance of the Senior Loan, the Company entered into a \$50.0 million revolving credit facility ("Credit Facility"). The Credit Facility matures on February 24, 2026 and carries an unused commitment fee that is paid quarterly. There were no outstanding borrowings related to the Credit Facility as of each of December 31, 2023 and 2022.

#### **Other**

Certain subsidiaries of the Company agree to jointly and severally guarantee, as primary obligors and not merely as surety guarantees the obligations of their parent entity, GCMH.

Amortization of deferred debt issuance costs was \$1.1 million, \$1.1 million and \$1.0 million for the years ended December 31, 2023, 2022 and 2021, respectively. These amounts are recorded within interest expense in the Consolidated Statements of Income (Loss).

The carrying value of the Senior Loan, excluding the unamortized debt issuance costs presented as a reduction to the principal balance approximated the fair value as of December 31, 2023 and December 31, 2022. As the Senior Loan was not accounted for at fair value, it was not included in the Company's fair value hierarchy in Note 6, however had it been included, it would have been classified in Level 2.

#### **15. Interest Rate Derivatives**

The Company has entered into various derivative agreements with financial institutions to hedge interest rate risk related to its outstanding debt. The Company had the following interest rate derivative recorded within accrued expenses and other liabilities as of December 31, 2023 and 2022 in the Consolidated Statements of Financial Condition.

GCM Grosvenor Inc.

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts and where otherwise noted)

Derivative	Notional Amount	Fair Value as of December 31, 2023	Fair Value as of December 31, 2022	Fixed Rate Paid	Floating Rate Received	Effective Date <sup>(2)</sup>	Maturity Date
Interest rate swap	\$ 300,000	\$ (7,469)	\$ (6,473)	4.37 %	1 month Term SOFR <sup>(1)</sup>	November 2022	February 2028

- (1) Floating rate received subject to a 0.50% Floor. Refer to Note 14 regarding the interest rate on the outstanding debt for the July 1, 2023 Benchmark Transition Event. The floating rate received under the interest rate swap also defaulted to Term SOFR plus a Benchmark Replacement Adjustment concurrent with the Benchmark Transition Event.
- (2) Represents the date at which the derivative is in effect and the Company is contractually required to begin payment of interest under the terms of the agreement.

A rollforward of the amounts in accumulated other comprehensive income (loss) (“AOCI”) related to interest rate derivatives designated as cash flow hedges is as follows:

	Year Ended December 31,		
	2023	2022	2021
Derivative gain (loss) at beginning of period	\$ 29,130	\$ (3,622)	\$ (11,163)
Amount recognized in other comprehensive income <sup>1</sup>	1,536	27,285	540
Amount reclassified from accumulated other comprehensive income (loss) to interest expense	(8,860)	5,467	7,001
Derivative gain (loss) at end of period	21,806	29,130	(3,622)
Less: gain (loss) attributable to noncontrolling interests in GCMH	18,267	24,204	(2,959)
Derivative gain (loss) at end of period, net	\$ 3,539	\$ 4,926	\$ (663)

- (1) Net of tax provision (benefit) of \$(0.4) million, \$2.6 million for the years ended December 31, 2023, and 2022, respectively, and an immaterial tax impact for the year ended December 31, 2021.

In February 2021, the Company terminated derivative instruments which were entered into in 2017 and 2018. Prior to termination, certain derivative instruments did not qualify for hedge accounting due to floor rate mismatches and as a result, all changes in fair value for those derivative instruments were reflected within other income (expense) in the Consolidated Statements of Income (Loss). The amounts previously recorded as hedges in AOCI will remain in AOCI and are recorded in interest expense within the Consolidated Statements of Comprehensive Income (Loss) over the original life of the swaps. Prior to terminating the instruments in February 2021, the Company recognized a gain of \$1.9 million related to interest rate contracts not designated as hedging instruments, which was recorded within other income (expense) in the Consolidated Statements of Income (Loss) for the year ended December 31, 2021.

Effective on March 1, 2021, the Company entered into a swap agreement (“2028 Swap Agreement”) to hedge interest rate risk related to payments made during the extended maturity of the 2028 Term Loans that had a notional amount of \$232.0 million. Effective on July 1, 2021, the Company entered into a swap agreement (“2028 Incremental Swap Agreement”) to hedge interest rate risk related to payments made for the increase in aggregate principal amount of the Incremental 2028 Term Loans that had a notional amount of \$68.0 million. The 2028 Swap Agreement, the 2028 Incremental Swap Agreement and Incremental 2028 Term Loans had a 0.50% LIBOR floor. The 2028 Swap Agreement and 2028 Incremental Swap Agreement were determined to be effective cash flow hedges at inception based on a comparison of critical terms.

In October 2022, the Company terminated the 2028 Swap Agreement and 2028 Incremental Swap Agreement effective on November 1, 2022. The Company received \$40.3 million of cash for the fair market value of the interest rate swaps at termination. The amount previously recorded as a hedge in AOCI will remain in AOCI and will be recorded in interest expense within the Consolidated Statements of Comprehensive Income (Loss) over the original life of the swaps.

The Company reclassified \$6.7 million, \$4.2 million and \$4.6 million for the years ended December 31, 2023, 2022 and 2021, respectively, from AOCI to interest expense relating to the derivative instruments terminated that initially qualified for

## GCM Grosvenor Inc.

### Notes to Consolidated Financial Statements

*(In thousands, except share and per share amounts and where otherwise noted)*

hedge accounting. The net impact of these reclassifications decreased interest expense for the year ended December 31, 2023 and increased interest expense for each of the years ended December 31, 2022 and 2021.

Effective on November 1, 2022, the Company entered into a swap agreement to hedge interest rate risk related to payments made for the 2028 Term Loans that has a notional amount of \$300 million and a fixed rate of 4.37%. The swap agreement and the 2028 Term Loans had a 0.50% LIBOR floor through June 30, 2023 and defaulted to Term SOFR plus a Benchmark Replacement Adjustment on July 1, 2023 at the Benchmark Transition Event as discussed in Note 14. The swap was determined to be an effective cash flow hedge at inception based on a comparison of critical terms and remained an effective cash flow hedge at and following the Benchmark Transition Event.

The fair values of the interest rate swaps are based on observable market inputs and represent the net amount required to terminate the positions, taking into consideration market rates and non-performance risk. Refer to Note 6 for additional information.

During the next twelve months, the Company expects to reclassify approximately \$8.9 million from AOCI to interest expense (which will decrease interest expense), including the impact of the swap terminations.

#### 16. Accrued Expenses and Other Liabilities

A summary of accrued expenses and other liabilities as of December 31, 2023 and 2022 is as follows:

	As of December 31,	
	2023	2022
Carried interest payable	\$ 332	\$ 250
Deferred revenue	8,795	8,972
Clawback obligation	200	200
Derivative liability	7,469	6,473
Other liabilities	14,417	11,345
Total accrued expenses and other liabilities	<u>\$ 31,213</u>	<u>\$ 27,240</u>

#### 17. Commitments and Contingencies

##### Leases

The Company has entered into operating lease agreements for office space. The Company leases office space in various countries around the world and maintains its headquarters in Chicago, Illinois, where it leases primary office space under a lease agreement expiring September 2026. The leases contain rent escalation clauses based on increases in base rent, real estate taxes and operating expenses.

In June 2023, the Company executed an agreement to lease office space for its New York office. The new space will replace the Company's existing New York office space. The Company gained access to this space in August 2023 and established the ROU asset and lease liability. Total future lease payments are expected to be \$65.7 million over 16.3 years. The landlord is providing a tenant improvement allowance of up to \$7.0 million for improvements as specified in the lease. The lease contains rent escalation clauses based on increases in base rent, real estate taxes and operating expenses and a 16 month rent concession.

The components of operating lease expense recorded within general, administrative and other in the Consolidated Statements of Income (Loss) were as follows:

**GCM Grosvenor Inc.**

**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

	<b>Years Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating lease cost <sup>(1)</sup>	\$ 8,874	\$ 7,514
Variable lease cost <sup>(2)</sup>	4,458	4,112
Less: sublease income	179	193
Total lease cost	<u>\$ 13,153</u>	<u>\$ 11,433</u>

(1) Includes \$0.3 million of short term lease expense for each of the years ended December 31, 2023 and 2022.

(2) Includes common area maintenance charges and other variable costs not included in the measurement of ROU assets and lease liabilities.

The following table summarizes cash flows and other supplemental information related to our operating leases:

	<b>Years Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 8,613	\$ 8,813
Non-cash ROU assets obtained in exchange for new and extended operating leases	\$ 34,116	\$ 693
Weighted average remaining lease term in years	13.1 years	2.9 years
Weighted average discount rate	6.1 %	4.1 %

As of December 31, 2023 the maturities of operating lease liabilities were as follows:

<b>Year Ended December 31,</b>	
2024	\$ 4,349
2025	7,456
2026	5,785
2027	4,001
2028	4,001
Thereafter	49,667
Total lease payments	<u>\$ 75,259</u>
Less: tenant improvement allowance	(7,049)
Less: imputed interest	(26,729)
Total operating lease liabilities	<u>\$ 41,481</u>

**Commitments**

The Company was required to pay a fixed management fee of \$0.5 million per year for a five year period that commenced in 2019 pursuant to its 12.5% interest in an aircraft. On March 11, 2021, GCMH entered into an agreement to assign 50% of its 12.5% share interest in an aircraft to Holdings, for cash consideration of approximately \$1.3 million. The Company is now required to pay a fixed management fee of \$0.3 million per year.

The Company had \$85.6 million and \$88.9 million of unfunded investment commitments as of December 31, 2023 and 2022, respectively, representing general partner capital funding commitments to several of the GCM Funds.

**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

**Litigation**

In the normal course of business, the Company may enter into contracts that contain a number of representations and warranties, which may provide for general or specific indemnifications. The Company's exposure under these contracts is not currently known, as any such exposure would be based on future claims, which could be made against the Company. The Company's management is not currently aware of any such pending claims and based on its experience, the Company believes the risk of loss related to these arrangements to be remote.

From time to time, the Company is a defendant in various lawsuits related to its business. The Company's management does not believe that the outcome of any current litigation will have a material effect on the Company's Consolidated Financial Statements.

**Off-Balance Sheet Risks**

The Company may be exposed to a risk of loss by virtue of certain subsidiaries serving as the general partner of GCM Funds organized as limited partnerships. As general partner of a GCM Fund organized as a limited partnership, the Company's subsidiaries that serve as the general partner have exposure to risk of loss that is not limited to the amount of its investment in such GCM Fund. The Company cannot predict the amount of loss, if any, which may occur as a result of this exposure; however, historically, the Company has not incurred any significant losses and management believes the likelihood is remote that a material loss will occur.

**18. Related Parties**

In regard to the following related party disclosures, the Company's management cannot be sure that such transactions or arrangements would be the same to the Company if the parties involved were unrelated and such differences could be material.

The Company provides certain employees partnership interest awards which are paid or settled by Holdings, Holdings II and Management LLC. Refer to Note 12 for further details.

The Company has a sublease agreement with Holdings. Because the terms of the sublease are identical to the terms of the original lease, there is no impact to net income in the Consolidated Statements of Income (Loss) or Consolidated Statements of Cash Flows.

The Company incurs certain costs, primarily related to accounting, client reporting, investment-decision making and treasury-related expenditures, for which it receives reimbursement from the GCM Funds in connection with its performance obligations to provide investment management services. The Company also incurs certain costs, primarily related to employee benefits and travel, for which it receives reimbursement from Holdings. Due from related parties in the Consolidated Statements of Financial Condition includes net receivables from GCM Funds of \$13.5 million and \$13.1 million as of December 31, 2023 and 2022, respectively, and from Holdings of less than \$0.1 million as of December 31, 2023 and 2022, paid on behalf of affiliated entities that are reimbursable to the Company.

Our executive officers, senior professionals, and certain current and former employees and their families invest on a discretionary basis in GCM Funds, and such investments are generally not subject to management fees and performance fees. As of December 31, 2023 and 2022, such investments and future commitments were \$377.5 million and \$366.2 million in aggregate, respectively.

Certain employees of the Company have an economic interest in an entity that is the owner and landlord of the building in which the principal headquarters of the Company are located.

The Company utilizes the services of an insurance broker to procure insurance coverage, including its general commercial package policy, workers' compensation and professional and management liability coverage for its directors and officers. Certain members of Holdings have an economic interest in, and relatives are employed by, the Company's insurance broker.

From time to time, certain of the Company's executive officers utilize a private business aircraft, including an aircraft wholly owned or controlled by members of Holdings. Additionally, the Company arranges for the use of the private business

**GCM Grosvenor Inc.**

**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

aircraft through a number of charter services, including entities predominantly or wholly owned or controlled by members of Holdings. The Company paid, net of reimbursements, approximately \$3.4 million, \$2.4 million and \$1.0 million for the years ended December 31, 2023, 2022 and 2021, respectively, to utilize aircraft and charter services wholly owned or controlled by members of Holdings, which is recorded within general, administrative and other in the Consolidated Statements of Income (Loss).

**19. Income Taxes**

The provision for income taxes for the years ended December 31, 2023, 2022 and 2021 consist of the following:

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current:			
Federal	\$ (282)	\$ (206)	\$ 1,970
State and local	3,309	2,137	2,155
Foreign	1,839	1,837	1,176
Total current provision for income taxes	<u>\$ 4,866</u>	<u>\$ 3,768</u>	<u>\$ 5,301</u>
Deferred:			
Federal	\$ 3,730	\$ 4,208	\$ 4,428
State and local	(886)	1,838	1,364
Foreign	(18)	(203)	(100)
Total deferred income taxes expense	<u>2,826</u>	<u>5,843</u>	<u>5,692</u>
Total provision for income taxes	<u>\$ 7,692</u>	<u>\$ 9,611</u>	<u>\$ 10,993</u>

A reconciliation of the U.S. statutory income tax rate to the Company's effective tax rate is as follows:

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Statutory U.S. federal income tax rate	21 %	21 %	21 %
State and local income taxes	(17)%	3 %	2 %
Impact of noncontrolling interests	(37)%	(15)%	(17)%
Foreign income taxes	(8)%	2 %	1 %
Change in tax rates	6 %	1 %	— %
Provision-to-return adjustments	2 %	— %	— %
Change in fair value of warrant liabilities	1 %	(2)%	— %
Change in valuation allowance	(4)%	2 %	— %
Tax receivable agreement liability expense	(2)%	— %	— %
Other	2 %	(1)%	— %
Effective income tax rate	<u>(36)%</u>	<u>11 %</u>	<u>7 %</u>

Deferred tax assets and liabilities are recorded net within deferred tax assets, net in the Company's Consolidated Statements of Financial Condition. Details of the Company's deferred tax assets and liabilities are as follows:



**GCM Grosvenor Inc.**

**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2022</b>
Investment in GCMH	\$ 92,656	\$ 92,695
Unrealized gains and losses	2,437	2,041
Intangibles and other	2,423	934
Total deferred tax assets (before valuation allowance)	97,516	95,670
Valuation allowance	(38,122)	(35,229)
Total deferred tax assets	\$ 59,394	\$ 60,441
Right-of-use asset	\$ (1,096)	\$ (121)
Total deferred tax liabilities	\$ (1,096)	\$ (121)
Deferred tax assets, net	<u>\$ 58,298</u>	<u>\$ 60,320</u>

GCMG's sole material asset is its investment in GCMH, which is treated as a partnership for U.S. federal income tax purposes and for purposes of certain jurisdictional income taxes. GCMH's net taxable income and any related tax credits are passed through to its partners and are included in the partners' tax returns, even though such net taxable income or tax credits may not have actually been distributed. While GCMG consolidates GCMH for financial reporting purposes, GCMG will be taxed on its share of earnings of GCMH not attributed to the noncontrolling interest holders, which will continue to bear their share of income tax on allocable earnings of GCMH. The income tax burden on the earnings taxed to the noncontrolling interest holders is not reported by the Company in its consolidated financial statements under GAAP. As a result, the Company's effective tax rate differs materially from the statutory rate. The primary factors impacting the effective tax rate are the allocation of income (loss) to noncontrolling interest as well as state and foreign income taxes paid at the partnership level that are included in income tax expenses.

GCMG has recorded a valuation allowance of approximately \$38.1 million and \$35.2 million as of December 31, 2023 and 2022, respectively, which is primarily related to its outside partnership basis of its investment in GCMH for the amount of the deferred tax asset that is not expected to be realized.

The Company analyzes its tax filing positions in all U.S. federal, state, local and foreign tax jurisdictions where it is required to file income tax returns, as well for all open tax years in these jurisdictions. As of December 31, 2023, the Company has examined all open tax years and major jurisdictions and determined there is no tax liability resulting from unrecognized tax benefits related to uncertain tax positions taken or expected to be taken in future tax returns. The Company is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. The Company's policy is to recognize interest and penalties related to unrecognized tax benefits, if any, within income taxes in the Consolidated Statements of Income (Loss). Accrued interest and penalties, if any, would be included within accrued expenses and other liabilities in the Consolidated Statements of Financial Condition.

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. As of December 31, 2023, tax years for 2023, 2022, 2021 and 2020 are subject to examination by the tax authorities. With few exceptions, as of December 31, 2023, the Company is no longer subject to U.S. federal, state, local, or foreign examinations by tax authorities for years before 2020.

In December 2021, the Organization for Economic Co-operation and Development ("OECD") introduced a new global minimum tax of 15% on multi-national entities with global revenues in excess of €750 million, several foreign jurisdictions being effective on January 1, 2024. As of December 31, 2023, the Company's global revenues were below the threshold, and as such, these rules currently do not have an impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the legislation for potential impacts.

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**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

**20. Earnings (Loss) Per Share**

The following is a reconciliation of basic and diluted earnings (loss) per share for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
	2023	2022	2021
<b>Numerator for earnings (loss) per share calculation:</b>			
Net income attributable to GCM Grosvenor Inc., basic	\$ 12,774	\$ 19,820	\$ 21,482
Exercise of private warrants	—	—	(382)
Exercise of public warrants	—	—	(1,126)
Exchange of Partnership units	(65,812)	33,209	33,252
Net income (loss) attributable to common stockholders, diluted	(53,038)	53,029	53,226
<b>Denominator for earnings (loss) per share calculation:</b>			
Weighted-average shares, basic	43,198,517	43,872,300	43,765,651
Exercise of private warrants - incremental shares under the treasury stock method	—	—	90,062
Exercise of public warrants - incremental shares under the treasury stock method	—	—	691,396
Exchange of Partnership units	144,235,246	144,235,246	144,235,246
Assumed vesting of RSUs - incremental shares under the treasury stock method	—	460,446	277,019
Weighted-average shares, diluted	187,433,763	188,567,992	189,059,374
<b>Basic EPS</b>			
Net income attributable to common stockholders, basic	\$ 12,774	\$ 19,820	\$ 21,482
Weighted-average shares, basic	43,198,517	43,872,300	43,765,651
Net income per share attributable to common stockholders, basic	\$ 0.30	\$ 0.45	\$ 0.49
<b>Diluted EPS</b>			
Net income (loss) attributable to common stockholders, diluted	\$ (53,038)	\$ 53,029	\$ 53,226
Weighted-average shares, diluted	187,433,763	188,567,992	189,059,374
Net income (loss) per share attributable to common stockholders, diluted	\$ (0.28)	\$ 0.28	\$ 0.28

When applying the if-converted method to calculate the potential dilutive impact of the exchangeable common units of the Partnership, the earnings (loss) per share numerator adjustment reflects the net income (loss) attributable to noncontrolling interests in GCMH, as reported, adjusted for the hypothetical incremental provision (benefit) for income taxes that would have been recorded by the Company if the units had been converted.

Shares of the Company's Class C common stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, a separate presentation of basic and diluted earnings (loss) per share of Class C common stock under the two-class method has not been presented.

The following outstanding potentially dilutive securities were excluded from the calculations of diluted earnings (loss) per share attributable to common stockholders because their impact would have been antidilutive for the periods presented:

**GCM Grosvenor Inc.**

**Notes to Consolidated Financial Statements**

*(In thousands, except share and per share amounts and where otherwise noted)*

	Year Ended December 31,		
	2023	2022	2021
Public warrants	16,784,970	16,784,970	—
Private warrants	900,000	900,000	—
Unvested RSUs under the treasury stock method	808,716	—	—

**21. Regulatory and Net Capital Requirements**

We are required to maintain minimum net capital balances for regulatory purposes for certain of our foreign subsidiaries as well as for our U.S. broker-dealer subsidiary. These net capital requirements are met by retaining cash. The Company's U.S. registered broker-dealer is subject to the SEC's Uniform Net Capital Rule ("Rule 15c3-1"), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, as defined, shall not exceed 15 to 1. As of December 31, 2023, the Company's U.S. registered broker-dealer had net capital, as defined under Rule 15c3-1, of \$0.6 million and excess net capital of \$0.6 million. The ratio of aggregate indebtedness to net capital was 0.23 to 1. As of December 31, 2023, all regulated entities and the broker-dealer subsidiary are in compliance with regulatory requirements.

Although the Company's U.S. registered broker-dealer does not claim exemption from the Rule 15c3-3 of the Securities and Exchange Commission, it does not transact a business in securities with, or for, any person defined as a "customer" pursuant to Rule 17a-5(c)(4) and does not carry margin accounts, credit balances, or securities for any person defined as a "customer" pursuant to Rule 17a-5(c)(4).

**22. Subsequent Event**

On February 8, 2024, GCM Grosvenor's Board of Directors declared a quarterly dividend of \$0.11 per share of Class A common stock to record holders as of the close of business on March 1, 2024. The payment date will be March 15, 2024.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **Limitations on effectiveness of controls and procedures**

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

#### **Evaluation of disclosure controls and procedures**

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Annual Report on Form 10-K, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2023.

#### **Management's annual report on internal control over financial reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with U.S. GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the framework established in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

#### **Attestation Report of the Independent Registered Public Accounting Firm**

Ernst & Young LLP, our independent registered public accounting firm, has audited the Company's consolidated financial statements included in this Annual Report on Form 10-K and issued its report on the effectiveness of our internal control over financial reporting as of December 31, 2023, which is included in Item 8 herein.

#### **Changes in internal control over financial reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 9B. OTHER INFORMATION**

#### **Rule 10b5-1 Trading Arrangement**

During the three months ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not Applicable.

### **PART III.**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

##### **Code of Business Conduct and Ethics**

We have a written Code of Business Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is posted on our website, *www.gcmgrosvenor.com*. In addition, we intend to post on our website all disclosures that are required by law or Nasdaq Stock Market (“Nasdaq”) rules concerning any amendments to, or waivers from, any provision of our Code of Business Conduct and Ethics. The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K.

The remaining information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item is incorporated by reference to the definitive Proxy Statement for our 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2023.



## PART IV.

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements.

The financial statements required by this item are listed in Item 8, “Financial Statements and Supplementary Data”.

(a)(2) Financial Statement Schedules.

All financial statement schedules have been omitted because they are not applicable, not required or the information required is shown in the financial statements or the notes thereto.

(a)(3) Exhibits.

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed / Furnished Herewith
		Form	File No.	Exhibit Date	
2.1†	Transaction Agreement, dated as of August 2, 2020, by and among CF Finance Acquisition Corp., CF Finance Intermediate Acquisition, LLC, CF Finance Holdings, LLC, Grosvenor Holdings, L.L.C., GCM Grosvenor Holdings, LLC, Grosvenor Capital Management Holdings, LLLP, GCM Grosvenor Management, LLC, Grosvenor Holdings II, L.L.C., GCMH GP, L.L.C., GCM V, LLC, and GCM Grosvenor Inc.	8-K/A	001-38759	2.1 08/04/20	
3.1	Amended and Restated Certificate of Incorporation of GCM Grosvenor Inc.	8-K	001-39716	3.1 11/20/20	
3.2	Amended and Restated Bylaws of GCM Grosvenor Inc.	8-K	001-39716	3.2 11/20/20	
4.1	Warrant Agreement, dated December 12, 2018, between Continental Stock Transfer & Trust Company and CF Finance Acquisition Corp.	8-K	001-38759	4.1 12/17/18	
4.2	Description of Securities	10-K/A	001-39716	4.2 05/10/21	
10.1	Stockholders' Agreement	8-K	001-39716	10.1 11/20/20	
10.2	Addendum to Stockholders' Agreement, effective as of November 5, 2021	10-K	001-39716	10.4 02/25/22	
10.3	Amended and Restated Registration Rights Agreement	8-K	001-39716	10.2 11/20/20	
10.4	Addendum to Amended and Restated Registration Rights Agreement, effective as of November 5, 2021	10-K	001-39716	10.2 02/25/22	
10.5	Tax Receivable Agreement	8-K	001-39716	10.3 11/20/20	
10.6	Fifth Amended and Restated Limited Liability Limited Partnership Agreement of Grosvenor Capital Management Holdings, LLLP	8-K	001-39716	10.4 11/20/20	
10.7†	Credit Agreement, dated as of January 2, 2014, among Grosvenor Capital Management Holdings, LLLP, as borrower, Grosvenor Holdings, L.L.C., Grosvenor Holdings II, L.L.C., GCMH GP, L.L.C., GCM, L.L.C., the several lenders from time to time parties thereto, Goldman Sachs Bank USA, as administrative agent, collateral agent and swingline lender, BMO Harris Bank N.A., as letter of credit issuer, and Bank of Montreal, Chicago Branch, as letter of credit issuer	S-4	333-242297	10.5 09/18/20	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed / Furnished Herewith
		Form	File No.	Exhibit Date	
10.8†	Amendment No. 1, dated as of August 18, 2016, to the Credit Agreement, dated as of January 2, 2014, among Grosvenor Capital Management Holdings, LLLP, as borrower, Grosvenor Holdings, L.L.C., Grosvenor Holdings II, L.L.C., GCMH GP, L.L.C., GCM, L.L.C., the several lenders from time to time parties thereto, Goldman Sachs Bank USA, as administrative agent, collateral agent and swingline lender, BMO Harris Bank N.A., as letter of credit issuer, and Bank of Montreal, Chicago Branch, as letter of credit issuer	S-4	333-242297	10.6 09/18/20	
10.9†	Amendment No. 2, dated as of April 19, 2017, to the Credit Agreement, dated as of January 2, 2014, among Grosvenor Capital Management Holdings, LLLP, as borrower, Grosvenor Holdings, L.L.C., Grosvenor Holdings II, L.L.C., GCMH GP, L.L.C., GCM, L.L.C., the several lenders from time to time parties thereto, Goldman Sachs Bank USA, as administrative agent, collateral agent and swingline lender, BMO Harris Bank N.A., as letter of credit issuer, and Bank of Montreal, Chicago Branch, as letter of credit issuer	S-4	333-242297	10.7 09/18/20	
10.10†	Amendment No. 3, dated as of August 22, 2017, to the Credit Agreement, dated as of January 2, 2014, among Grosvenor Capital Management Holdings, LLLP, as borrower, Grosvenor Holdings, L.L.C., Grosvenor Holdings II, L.L.C., GCMH GP, L.L.C., GCM, L.L.C., the several lenders from time to time parties thereto, Goldman Sachs Bank USA, as administrative agent, collateral agent and swingline lender, BMO Harris Bank N.A., as letter of credit issuer, and Bank of Montreal, Chicago Branch, as letter of credit issuer	S-4	333-242297	10.8 09/18/20	
10.11†	Amendment No. 4, dated as of March 29, 2018, to the Credit Agreement, dated as of January 2, 2014, among Grosvenor Capital Management Holdings, LLLP, as borrower, Grosvenor Holdings, L.L.C., Grosvenor Holdings II, L.L.C., GCMH GP, L.L.C., GCM, L.L.C., the several lenders from time to time parties thereto, Goldman Sachs Bank USA, as administrative agent, collateral agent and swingline lender, BMO Harris Bank N.A., as letter of credit issuer, and Bank of Montreal, Chicago Branch, as letter of credit issuer	S-4	333-242297	10.9 09/18/20	
10.12†	Amendment No. 5, dated as of February 24, 2021, to the Credit Agreement, dated as of January 2, 2014, among Grosvenor Capital Management Holdings, LLLP, as borrower, Grosvenor Holdings, L.L.C., Grosvenor Holdings II, L.L.C., GCM Grosvenor Management, LLC, GCM Grosvenor Holdings, LLC, GCM, L.L.C., the several lenders from time to time parties thereto, Goldman Sachs Bank USA (the predecessor agent) and Morgan Stanley Senior Funding, Inc. (the successor agent), as administrative agent, collateral agent and swingline lender, BMO Harris Bank N.A., as letter of credit issuer, and Bank of Montreal, Chicago Branch, as letter of credit issuer	10-K/A	001-39716	10.10 05/10/21	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed / Furnished Herewith
		Form	File No.	Exhibit Date	
10.13†	Amendment No. 6, dated as of June 23, 2021, to the Credit Agreement, dated as of January 2, 2014, among Grosvenor Capital Management Holdings, LLLP, as borrower, Grosvenor Holdings, L.L.C., Grosvenor Holdings II, L.L.C., GCM Grosvenor Management, LLC, GCM Grosvenor Holdings, LLC, GCM, L.L.C., the several lenders from time to time parties thereto, and Morgan Stanley Senior Funding, Inc., as administrative agent, collateral agent and swingline lender	8-K	001-39716	10.1	06/24/21
10.14†	Amendment No. 7, dated as of June 29, 2023, to the Credit Agreement, dated as of January 2, 2014, among Grosvenor Capital Management Holdings, LLLP, as borrower, Grosvenor Holdings, L.L.C., Grosvenor Holdings II, L.L.C., GCM Grosvenor Management, LLC, GCM Grosvenor Holdings, LLC, GCM, L.L.C., the several lenders from time to time parties thereto, and Morgan Stanley Senior Funding, Inc., as administrative agent	10-Q	001-39716	10.5	08/09/23
10.15#	Third Amended and Restated Employment Agreement, Dated August 2, 2020, by and Among Michael J. Sacks, Grosvenor Capital Management, L.P. and Grosvenor Capital Management Holdings, LLLP	S-4	333-242297	10.15	09/18/20
10.16#	Amended and Restated Employment and Non-Competition Agreement, Dated July 29, 2020, by and Between Grosvenor Capital Management, L.P. and Jonathan R. Levin	S-4	333-242297	10.16	09/18/20
10.17#	Employment and Protective Covenants Agreement, by and between Sandra Hurse and Grosvenor Capital Management, L.P.	S-4	333-242297	10.17	10/05/20
10.18#	Amendment to Employment and Protective Covenants Agreement, by and between Sandra Hurse and Grosvenor Capital Management, L.P.	10-K/A	001-39716	10.18	05/10/21
10.19#	Amended and Restated Employment and Protective Covenants Agreement, by and Between Grosvenor Capital Management, L.P. and Frederick E. Pollock	S-4	333-242297	10.19	10/05/20
10.20#	Amendment to Employment and Protective Covenants Agreement, by and between Frederick E. Pollock and Grosvenor Capital Management, L.P.	10-K/A	001-39716	10.22	05/10/21
10.21#	Second Amendment to Amended and Restated Employment and Protective Covenants Agreement, by and between Frederick E. Pollock and Grosvenor Capital Management, L.P.	10-K/A	001-39716	10.23	05/10/21
10.22#	Second Amended and Restated Employment and Protective Covenants Agreement, by and Between Grosvenor Capital Management, L.P. and Frederick E. Pollock	10-Q	001-39716	10.1	05/10/23
10.23#	First Amended and Restated Employment and Protective Covenants Agreement, effective January 1, 2021, by and between Grosvenor Capital Management, L.P. and Pamela L. Bentley	8-K	001-39716	10.1	01/04/21
10.24	Form of Subscription Agreement, by and between GCM Grosvenor Inc. and the undersigned subscriber party thereto	10-Q	001-39716	10.1	11/20/20
10.25	Sponsor Support Agreement, dated as of August 2, 2020, by and among CF Finance Acquisition Corp., Grosvenor Capital Management Holdings, LLLP, Grosvenor Holdings, L.L.C. and CF Finance Holdings, LLC	8-K/A	001-38759	10.2	08/04/20

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed / Furnished Herewith
		Form	File No.	Exhibit Date	
10.26	Forward Purchase Contract, dated December 12, 2018, by and between CF Finance Acquisition Corp. and CF Finance Holdings LLC.	8-K	001-38759	10.4	12/17/18
10.27	Amendment No. 1 to Forward Purchase Contract, dated August 2, 2020, by and between CF Finance Acquisition Corp. and CF Finance Holdings LLC	8-K/A	001-38759	10.1	08/4/20
10.28	Form of Indemnification Agreement	8-K	001-39716	10.5	11/20/20
10.29#	GCM Grosvenor Deferred Compensation Plan	S-4	333-242297	10.20	09/18/20
10.30#	GCM Grosvenor 2018 Asset Pool Award Plan	S-4	333-242297	10.21	09/18/20
10.31#	GCM Grosvenor 2017 Asset Pool Award Plan	S-4	333-242297	10.22	09/18/20
10.32#	GCM Grosvenor Inc. 2020 Incentive Award Plan	S-8	333-251110	99.1	12/04/20
10.33#	Form of Employee Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement pursuant to GCM Grosvenor Inc. 2020 Incentive Award Plan	10-Q	001-39716	10.1	05/10/22
10.34#	Form of Employee Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement pursuant to GCM Grosvenor Inc. 2020 Incentive Award Plan (Settlement Options)	10-Q	001-39716	10.1	11/09/22
10.35#	Form of Non-Employee Director Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement pursuant to GCM Grosvenor Inc. 2020 Incentive Award Plan	10-Q	001-39716	10.2	05/10/22
10.36#	GCM Grosvenor Inc. Amended and Restated Incentive Award Plan	10-Q	001-39716	10.1	08/09/23
10.37#	Form of Employee Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement pursuant to GCM Grosvenor Inc. Amended and Restated Incentive Award Plan	10-Q	001-39716	10.2	08/09/23
10.38#	Form of Employee Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement pursuant to GCM Grosvenor Inc. Amended and Restated Incentive Award Plan (Settlement Options)	10-Q	001-39716	10.3	08/09/23
10.39#	Form of Non-Employee Director Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Agreement pursuant to GCM Grosvenor Inc. Amended and Restated Incentive Award Plan	10-Q	001-39716	10.4	08/09/23
10.40#	Grosvenor Capital Management, L.P. OCF III Bonus Plan	S-4	333-242297	10.23	09/18/20
10.41#	Grosvenor Capital Management, L.P. OCF IV Bonus Plan	S-4	333-242297	10.24	09/18/20
10.42#	GCM Grosvenor Inc. Non-Employee Director Compensation Policy (effective as of January 1, 2023)	10-K	001-39716	10.41	02/23/23
10.43	Office Lease, dated December 17, 2004, between LaSalle Bank National Association and Grosvenor Capital Management, L.P.	S-4	333-242297	10.37	10/09/20
10.44	First Amendment to Office Lease, dated May 31, 2007	S-4	333-242297	10.38	10/09/20
10.45	Second Amendment to Office Lease, dated July 1, 2008	S-4	333-242297	10.39	10/09/20
10.46	Third Amendment to Office Lease, dated August 31, 2009	S-4	333-242297	10.40	10/09/20
10.47	Fourth Amendment to Office Lease, dated September 1, 2011	S-4	333-242297	10.41	10/09/20
10.48	Fifth Amendment to Office Lease, dated May 31, 2012	S-4	333-242297	10.42	10/09/20
10.49	Sixth Amendment to Office Lease, dated January 18, 2013	S-4	333-242297	10.43	10/09/20

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed / Furnished Herewith
		Form	File No.	Exhibit Date	
10.50	Seventh Amendment to Office Lease, dated November 30, 2017	S-4	333-242297	10.44 10/09/20	
10.51	Eighth Amendment to Office Lease, dated December 26, 2019	S-4	333-242297	10.45 10/09/20	
10.52	Ninth Amendment to Office Lease, dated May 16, 2023	10-Q	001-39716	10.6 08/09/23	
21.1	List of subsidiaries of GCM Grosvenor Inc.				*
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm				*
31.1	Chief Executive Officer Certifications pursuant to Section 302 of the Sarbanes Oxley Act of 2002				*
31.2	Chief Financial Officer Certifications pursuant to Section 302 of the Sarbanes Oxley Act of 2002				*
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002				**
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002				**
97.1	Policy for Recovery of Erroneously Awarded Compensation				*
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				*
101.SCH	XBRL Taxonomy Extension Schema Document				*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				*

\* Filed herewith.

\*\* Furnished herewith.

† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

# Indicates management contract or compensatory plan.

## ITEM 16. FORM 10-K SUMMARY

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 29, 2024

**GCM GROSVENOR INC.**

By: /s/ Michael J. Sacks

Michael J. Sacks

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Michael J. Sacks</u> Michael J. Sacks	Chairman of the Board and Chief Executive Officer <i>(principal executive officer)</i>	February 29, 2024
<u>/s/ Jonathan Levin</u> Jonathan Levin	President and Director	February 29, 2024
<u>/s/ Pamela L. Bentley</u> Pamela L. Bentley	Chief Financial Officer <i>(principal financial officer)</i>	February 29, 2024
<u>/s/ Kathleen P. Sullivan</u> Kathleen P. Sullivan	Chief Accounting Officer <i>(principal accounting officer)</i>	February 29, 2024
<u>/s/ Angela Blanton</u> Angela Blanton	Director	February 29, 2024
<u>/s/ Francesca Cornelli</u> Francesca Cornelli	Director	February 29, 2024
<u>/s/ Stephen Malkin</u> Stephen Malkin	Director	February 29, 2024
<u>/s/ Blythe Masters</u> Blythe Masters	Director	February 29, 2024
<u>/s/ Samuel C. Scott III</u> Samuel C. Scott III	Director	February 29, 2024



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## Executive Officers

Michael J. Sacks  
Chairman and Chief Executive Officer

Pamela Bentley  
Chief Financial Officer

Sandra Hurse  
Chief Human Resources Officer

Jonathan Levin  
President

Frederick Pollock  
Chief Investment Officer

## Directors

Michael Sacks  
Chairman  
GCM Grosvenor Inc.

Samuel C. Scott III\*  
Retired Chairman, President and CEO  
Corn Products International, Inc.  
(Today known as Ingredion Inc.)

Dr. Francesca Cornelli\*  
Dean  
Northwestern University  
Kellogg School of Management

Angela Blanton\*  
Chief Financial Officer  
Carnegie Mellon University

Jonathan Levin  
President  
GCM Grosvenor Inc.

Blythe Masters\*  
Founding Partner  
Motive Partners

Stephen Malkin  
President  
Ranger Capital Corporation

## Contacts

### Corporate Headquarters

900 North Michigan Avenue,  
Suite 1100  
Chicago, IL 60611  
(312) 506-6500

### Transfer Agent & Registrar

Continental Stock Transfer  
& Trust Company  
1 State Street, 30th Floor  
New York, NY 10004-1561

### GCM Grosvenor News

Current shareholder information  
is available on our website at  
[www.gcmgrosvenor.com/public-shareholders](http://www.gcmgrosvenor.com/public-shareholders)

### Shareholder Relations

Stacie Selinger  
(312) 506-6583  
[investorrelations@gcmlp.com](mailto:investorrelations@gcmlp.com)

### Independent Auditors

Ernst & Young LLP  
Chicago, Illinois

### Stock Exchange listing

Nasdaq: GCMG, GCMGW

\*Independent Directors

## About GCM Grosvenor

GCM Grosvenor (Nasdaq: GCMG) is a global alternative asset management solutions provider with approximately \$77 billion in assets under management across private equity, infrastructure, real estate, credit, and absolute return investment strategies. The firm has specialized in alternatives for more than 52 years and is dedicated to delivering value for clients by leveraging its cross-asset class and flexible investment platform. GCM Grosvenor's experienced team of approximately 540 professionals serves a global client base of institutional and individual investors.

## Our locations



Headquarters  
Chicago  
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Frankfurt  
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Tokyo  
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