

CITIGROUP ALTERNATIVE INVESTMENTS LLC

FORM ADV PART 2A – DISCLOSURE BROCHURE

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This brochure provides information about the qualifications and business practices of Citigroup Alternative Investments LLC. If you have any questions about the contents of this brochure, please contact us at (718) 248-8633. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Citigroup Alternative Investments LLC also is available on the SEC's website at www.adviserinfo.sec.gov. Citigroup Alternative Investments LLC is an SEC-registered investment adviser. Being a registered investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

Since Citigroup Alternative Investment LLC's last annual update on March 31, 2014, the following material changes have occurred:

- On March 13, 2015, Citigroup Alternative Investments LLC completed a transaction to transfer investment management responsibilities and operational authority for the private funds originally sponsored by its Citi Infrastructure Investors business unit to Corsair Infrastructure Management, L.P. ("CIM"), an affiliate of Corsair Capital LLC. As a result, Citigroup Alternative Investments LLC no longer serves as investment adviser to any infrastructure funds.

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Item 4 Advisory Business

Citigroup Alternative Investments LLC (“CAI LLC”) is a wholly-owned subsidiary of Citigroup Investments Inc., which is a wholly-owned subsidiary of Citigroup Inc. (“Citigroup”). Citigroup is a publicly held company. CAI LLC commenced operation in March of 2002. CAI LLC’s investment advisory business is also carried out by certain affiliated “relying advisors,” including CEFOF GP I Corp., CELFOF GP Corp., Citigroup Capital Partners I GP Corp., Citigroup Capital Partners I GP II Corp., Citigroup Private Equity LP, and Citigroup Private Equity (Offshore) LLC (taken collectively with CAI LLC, “CAI”). CAI provides advisory services to private investment companies such as private equity funds, funds of private equity and real estate funds, and, until March 13, 2015, infrastructure funds (referred to herein collectively as “Funds” and each individually as a “Fund”). The Funds CAI advises include private funds and employee securities companies.

Following the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection of 2010 and other laws and regulations as a result of the 2008 financial crisis, CAI has substantially modified its business, including through the divestiture of a significant portion of its business units and management contracts. CAI does not currently intend to organize or offer any new investment products or to acquire any new advisory clients.

CAI continues to provide investment services for the types of products listed below.

Private Equity Fund Products:

CAI has organized and advises limited partnerships, limited liability companies and other investment vehicles that typically acquire non-publicly traded securities that they may hold for extended periods of time (“Private Equity Investment Funds”). The securities in which Private Equity Investment Funds invest often are acquired in management buyouts, or in connection with company growth or restructurings. These securities may take the form of common equity, preferred equity, convertible debt, debt or other instruments. The capital provided by the investments may be used in the early or intermediate stages of an enterprise or may fund the expansion of an established business.

CAI also advises investment partnerships substantially all of the assets of which are invested in one designated underlying Private Equity Investment Fund sponsored and managed by a third party (each, a “Private Equity Feeder Fund”) or in multiple designated underlying Private Equity Investment Funds sponsored and managed by a third party (each, a “Fund of Private Equity Funds”). CAI’s role with respect to such Private Equity Feeder Funds is essentially administrative, rather than investment advisory in nature, as CAI is responsible primarily for effecting the Private Equity Feeder Fund’s investment in the designated underlying Private Equity Investment Fund as directed by the Private Equity Feeder Fund’s governing documents.

Real Estate Products:

In the real estate investing area, CAI organized and advises private investment companies (each, a “Fund of Real Estate Funds”) that invested in various underlying real estate limited partnerships, limited liability companies and other investment vehicles that invest, directly or

indirectly, in real estate and real estate-related investments, broadly defined (such underlying vehicles, “Real Estate Funds”) that CAI selected but which are sponsored and managed by third parties.

Particular Investment Restrictions

Individual investors in a Fund are not consulted in the design or implementation of the Fund’s investment program. Each Fund’s governing documentation will describe that Fund’s investment program.

Definitions

The term “Feeder Fund” means a Private Equity Feeder Fund. The term “Underlying Fund” means a Private Equity Investment Fund or a Real Estate Fund that is sponsored and managed by a third party. The term “Fund of Funds” means a Fund of Private Equity Funds or a Fund of Real Estate Funds.

Assets Under Management

As of December 31, 2014, CAI managed approximately \$2,667,200,000 of discretionary assets and \$0 of non-discretionary assets.

Item 5 Fees and Compensation

CAI’s fee schedule is available upon request.

Fees Charged: Private Equity Fund Products

Each Private Equity Investment Fund, Private Equity Feeder Fund and Fund of Private Equity Funds will generally pay CAI a management fee quarterly in arrears, at an annual rate based on the aggregate capital commitments of the Fund’s investors during a defined investment period; thereafter, on invested capital. In addition to the management fee, a Private Equity Investment Fund may pay CAI an incentive allocation based on the return of the Fund and/or its investments, often only after exceeding a hurdle rate of return to the Fund’s investors. The amount of the management fee and incentive allocation for a particular Fund will be set forth in the offering materials for that Fund. Investors pay fees directly to the relevant Fund.

Fees Charged: Real Estate Products

Each Fund of Real Estate Funds pays CAI a management fee quarterly in arrears, at an annual rate generally based on the aggregate capital commitments of the Fund’s investors during a defined investment period; thereafter, on invested capital. In addition to the management fee, a Fund of Real Estate Funds may pay CAI an incentive allocation and/or incentive fee based on the return of the Fund and its investments. The amount of the management fee, incentive allocation and/or incentive fee for a particular Fund will be set forth in its offering materials.

Multiple Layers of Fees and Expenses

Investors in a Fund of Funds or in a Feeder Fund will in effect pay two sets of fees and expenses.

For a Fund of Funds, investors will pay management fees to CAI and vehicle expenses at the Fund level and will also indirectly pay management fees to the sponsor of the Underlying Fund and vehicle expenses at the Underlying Fund level. As a result, investors may pay more in fees by investing in a Fund of Funds than they would by investing directly in the underlying Real Estate or Private Equity Funds. However, because of high minimum investment levels and other reasons, investors in a Fund of Funds generally would not have the opportunity to invest directly in the Underlying Funds. In addition, by investing in a Fund of Funds, investors receive the benefit of diversification through professional management of a portfolio consisting of multiple Underlying Funds.

Investors in Feeders also pay multiple sets of fees and expenses: one directly at the Feeder level and one (indirectly) at the Underlying Fund level. As a result of the payment of multiple levels of fees and expenses, investors may pay more fees by investing in a Feeder than they would by investing directly in the Underlying Fund. Because of high minimum investment levels and other reasons, however, investors in Feeders generally would not have the opportunity to invest directly in the relevant Underlying Fund.

Method of Payment of Fees

Funds will pay any management and incentive fees at such times and in such manner specified in their respective offering materials and other governing documentation. Such fees will typically be paid from the Fund and deducted from an investor's net asset value per share or capital account, as applicable.

Additional Compensation Received by Affiliates

Affiliates of CAI have typically received placement fees for placing interests in Funds from the Funds and/or from CAI as a Fund's manager. Where the Funds placed are Feeder Funds, these affiliates and/or CAI may also have received compensation from the manager of the Underlying Fund. CAI may also receive fees from a Fund for the provision of administrative services, the responsibility for all or a portion of which may be subcontracted to affiliates of CAI. Affiliates of CAI also may have direct relationships with, and provide certain other services to, a Fund or a Fund's portfolio companies for which the affiliate receives compensation.

Additional Fees and Expenses

As described in more detail in the relevant offering documentation, each Fund typically bears its organizational and offering expenses and its operating and other expenses, which may include, but not be limited to, direct investment-related expenses (e.g. custodial fees, interest expense, consulting and other professional fees relating to particular investments), reporting and legal expenses, accounting, audit and tax preparation expenses, remuneration to directors or managing members, as applicable, insurance, administrator fees, liability insurance premiums, any extraordinary expenses and other similar expenses related to the Fund.

Compensation of CAI Personnel

CAI's personnel and supervised persons do not receive commissions tied directly to the sale of any particular securities or other investment products advised by CAI in the form of asset-based sales charges or services fees. However, historically certain CAI personnel were registered as broker-dealer representatives of Citigroup Global Markets Inc. and as such marketed CAI's Funds to institutional investors and salaried employees of CAI in the past, as further described in Item 10 "Other Financial Industry Activities and Affiliations." Affiliates of CAI that served as placement agents, referral agents or distributors for CAI products and third party marketers received compensation for those activities.

Payment of Fees in Advance and Arrears

Generally, fees payable to CAI are paid in arrears or less than six months in advance.

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

Private Equity Products and Real Estate Products:

CAI and its affiliates receive performance-based fees from certain of our Funds. Most funds are also charged fixed fees, such as management fees, which may include asset-based fees in certain cases. The performance-based fees may create an incentive for CAI to cause the relevant Fund to make investments that are riskier or more speculative than would be the case if CAI did not receive a performance-based fee, or to direct investments in favor of a Fund that pays a performance-based fee. Please refer to Item 11 "Code of Ethics, Participation in Client Transactions and Personal Trading" and Item 12 "Brokerage Practices" for a discussion of CAI's conflict management procedures, incentive compensation arrangements, managerial review and oversight and allocation policy, all of which are intended to mitigate conflicts.

Item 7 Types of Clients

CAI provides investment advice only to Funds. However, the ultimate investors in Funds advised by CAI are institutional investors, registered funds, funds of funds, pension plans, state and municipal government entities, high net worth individuals and employees and former employees of Citigroup Inc.

Private Equity Fund Products: Ultimate investors in each Private Equity Investment Fund and Private Equity Feeder Fund are required to make a minimum capital commitment, which have generally ranged from \$25,000 to \$5,000,000. The minimum for any specific Fund is set forth in the offering materials for that Fund.

Real Estate Products: Ultimate investors in each Fund generally have been required to make a minimum capital commitment ranging from \$100,000 to \$5 million, depending on the terms of the specific Fund.

In its discretion, CAI retained the right to accept a lower capital commitment from an investor.

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

Private Equity Fund Products:

Investment Process and Method of Analysis:

CAI's Private Equity Investment Funds are all currently past the active investment stage, in which new investment opportunities are sought and made, although certain Funds have the capacity to make follow-on investments in existing portfolio companies.

With respect to each Private Equity Investment Fund sponsored by CAI, the investment team generally employed fundamental research, specific industry knowledge, proprietary relationships and partnerships with management teams to identify attractive investment opportunities, often targeting industries that are undergoing change or are otherwise out-of-favor. The teams applied experience and proprietary relationships in seeking to create a sustainable advantage throughout the investment process. Far-reaching relationships with senior executives, an advisory board comprised of distinguished former CEOs provide the team with additional industry knowledge, operating experience and extensive contacts. After preliminary screening, relevant investment professionals applied their industry experience to perform in-depth due diligence with management to achieve a comprehensive understanding of a prospective portfolio company's competitive position, identify the opportunities and risks associated with a prospective investment, and develop an investment thesis. This analytic process included constructing alternative business and financial scenarios that test the capital structure of and potential equity returns from a proposed investment.

For its Feeder Funds and Funds of Private Equity Funds to select underlying Private Equity Investment Funds and monitor their performance, CAI generally considered (1) investment strategy and targeted sectors; (2) personnel and the underlying fund's investment team; (3) track record and transactions done by the investment team; and (4) terms and fit with investor objectives. Within each of these broad areas, CAI used an extensive list of issues, questions and metrics that are designed to assist it in deciding whether to invest in a particular fund. Interviews with other investors and lenders and verification from independent professionals may also be undertaken.

Strategy Risks:

Nature of Investment. An investment in a Private Equity Investment Fund, Fund of Funds or Feeder Fund requires a long-term commitment with no certainty of any return, and should be undertaken only by investors capable of evaluating and bearing a high level of risk and lack of liquidity. Many of the Fund's investments are highly illiquid, and there can be no assurance that the Fund will be able to realize such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. Additionally, Private Equity Funds typically invest in securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933 ("Securities Act") or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws. The securities in which a Fund invests may be the most junior in what typically will be a complex capital

structure, and thus subject to the greatest risk of loss. Certain of a Fund's investments may be in businesses with little or no operating history. These Funds may also have investments in businesses with high levels of debt or in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Since a Fund may make only one investment (where a fund is a feeder fund or a single-investment vehicle) or only a limited number of investments, and since a Fund's investments generally will involve a high degree of risk, poor performance by only one or two investments could severely affect the total returns to the investors.

Risks Upon Disposition of Investments. In connection with the disposition of an investment in a portfolio company, the Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors. Fund partnership or other governing agreements contain provisions to the effect that if there is any such claim during or after the term of the applicable partnership in respect of a portfolio company, it will be funded by the applicable partners to the extent that they have received distributions from the Fund, subject to certain limitations.

In addition, a Fund's investments will typically be in privately purchased illiquid securities, which are normally subject to restrictions on resale. In some cases, the Fund may be prohibited from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate. As a result, there is a significant risk that a Fund may be unable to realize its investment objectives by sale or other disposition at attractive prices, or will otherwise be unable to complete any exit strategy, of its investments.

Investment in Restructurings; Insolvency of Portfolio Companies. The Fund may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties, which may never be overcome. Such investments could, in certain circumstances, subject the Fund to certain additional potential liabilities, which may exceed the value of the Fund's original investments therein. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed, or may be found liable for damage suffered by parties as a result of such actions. In addition, under circumstances involving a portfolio company's insolvency, payments to a Fund and distributions by such Fund to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Investments in restructurings involving non-U.S. portfolio companies may be subject to various laws enacted in the countries of their issuance for the protection of creditors. These considerations will differ depending on the country in which each portfolio company is located or domiciled.

Need for Follow-On Investments. Following the initial investment in a portfolio company, the Fund may be called upon to provide additional funds or have the opportunity to increase its investment in such portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make such an investment at that time. The Fund's decision not to make a follow-on investment or its inability to do so may have a substantial negative impact on the portfolio company and, therefore, the return from such investment.

Please also refer to “*General Risks*” below.

Real Estate Funds:

Investment Process and Method of Analysis:

CAI's Real Estate Funds are all currently past the active investment stage, in which new investment opportunities are sought and made, although certain Funds have the capacity to make follow-on investments in existing assets.

CAI generally selected Underlying Funds for the Fund of Real Estate Funds based on performance track record, organizational ability to execute the investment strategy, and financial capacity to meet obligations, among other factors. CAI used information obtained from various outside research firms, coupled with internal economic and real estate market analysis, to ascertain which geographic markets and what property types offer attractive investment opportunities.

Strategy Risks:

Investment in Real Estate Funds. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the investments made by Underlying Funds that are real estate funds. The marketability and value of real estate investments made by the Underlying Funds will depend on many factors beyond the control of the funds or their investment managers, including, without limitation: changes in general economic or local conditions and/or specific industry segments; declines in rental or occupancy rates; competition from other developments; changes in supply of or demand for competing properties in an area (as a result, for instance, of over-building); geographic or market concentration; the ability of the Underlying Funds or property managers to manage the real properties; changes in interest rates; the promulgation and enforcement of governmental regulations relating to land use and zoning restrictions, environmental protection and occupational safety; unavailability of mortgage funds which may render the sale or refinancing of a property difficult; location of the properties; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in real estate tax rates and other operating expenses; the imposition of rent controls; energy and supply shortages; various uninsured or uninsurable risks; and natural disasters. These factors may have an adverse impact on the

performance of the Underlying Funds in which a Fund of Real Estate Funds invests, and there can be no assurance that such Underlying Funds will effectively manage these risks.

Please also refer to “*General Risks*” below.

General Risks

Alternative investments entail a high degree of risk. Investors should give careful consideration to the following risk factors and conflicts of interest detailed in this Item 8 and other product-specific information provided by the product or CAI in evaluating the merits and suitability of any Fund products. The following does not purport to be a comprehensive summary of all the risks and conflicts of interest associated with the Funds. Investing in Funds involves a risk of total loss that clients must be prepared to bear.

As used in this Item 8, “Investment Managers” and “CAI” include CAI and its relying advisors unless the context indicates otherwise. “Underlying Fund” means any investment in any underlying investment fund made by the Investment Manager, and “Underlying Fund Manager” means the investment manager or investment adviser to the Underlying Fund. Unless the context indicates otherwise, all references to “Funds” in this Item 8 should be read to include “Underlying Funds.”

Investment in General

Any investor must be able to bear the risks involved and must meet the suitability requirements of the relevant Fund. Some or all alternative investment strategies employed by the Funds may not be suitable for certain investors. No assurance can be given that any Fund’s investment objectives will be achieved. Investments in private equity funds, real estate funds and other types of private investment funds are typically speculative and involve a substantial degree of risk. Past results of the Funds or any other private investment funds managed by an investment manager are not necessarily indicative of future performance of any Fund and the performance any Fund may fluctuate. Investment results may vary substantially on a quarterly or annual basis. The establishment and use of a Fund does not constitute a complete investment program. Each investor must realize that it could lose all or a substantial amount of its investment in a Fund.

CAI expects that certain Funds may underperform or experience financial difficulties, which difficulties may never be overcome. CAI’s Funds are generally highly illiquid and generally do not permit redemptions. Investment Managers may have implemented highly speculative investment techniques, including high leverage, highly concentrated portfolios, workouts and startups, control positions and illiquid investments. Neither CAI nor any investor will have the ability to direct or influence the management of an Underlying Fund Manager’s investments. As a result, the returns of any Fund that allocates to an Underlying Fund will depend primarily on the performance of such Underlying Fund Manager and could suffer substantial adverse effects by the unfavorable performance of such Underlying Fund Manager. No assurance can be given that a Fund will achieve its goals or investment objectives. If a Fund receives distributions in kind from an Underlying Fund, it may incur additional costs and risks to dispose of such assets.

General Economic Conditions; Market Disruption

The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of asset prices, liquidity, interest rates and the extent and timing of investor participation in the markets for both equity and interest-rate-sensitive securities. Investments made by any Fund may be sensitive to the performance of the overall local, national and/or regional economy in which the portfolio company operates. A downturn in economic fundamentals and consumer and business confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of investments made by any Fund, and may also adversely affect the Fund's ability to execute its investment strategy and exit its investments profitably and in a timely manner. Furthermore, volatility, illiquidity, governmental action, currency devaluation, or other events in local, regional, national and/or the global markets in which a Fund directly or indirectly holds positions could impair the Fund's ability to achieve its investment objectives and could cause the Fund to incur substantial losses.

Regulatory Risks

The industry of private equity funds, real estate funds and other private investment funds has been and is expected to continue to be subject to increased regulation and public scrutiny. Legal, tax and regulatory changes are expected to occur that may adversely affect the Funds. The regulatory environment for private equity funds, real estate funds, and other investment funds is evolving globally, and changes in the regulation of investment funds may adversely affect the value of investments held by the Funds and the Funds' ability to pursue certain objectives and to realize on their investments. The effect of any future regulatory change on the Funds could be substantial and adverse.

Credit Market Conditions

The ability of a Fund to generate attractive investment returns for its investors may be adversely affected to the extent the Fund or its investments are unable to obtain favorable financing terms. Moreover, to the extent that local or regional markets experience economic downturns over the medium to long term, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of economies in which certain portfolio companies operate. Such an economic downturn could adversely affect the financial resources of operating partners and investment projects in which a Fund or its portfolio companies participate, and may result in the inability of such partners and projects to make principal and interest payments on outstanding debt when due, and may also restrict the ability of any Fund to sell or liquidate investments at favorable times or for favorable prices.

Dependence on the Investment Managers

All decisions with respect to the assets and the general management of a Fund will be made by the relevant Investment Manager and all decisions with respect to Underlying Funds' assets and the general management of the Underlying Funds will be made by the Underlying Fund Managers. Investors in the Funds have no right or power to take part in the management of the Funds. As a result, the success of a Fund will depend largely upon the ability of the Investment Manager (or the Underlying Fund Manager, as applicable) and its personnel.

Government Regulation – Financial Stability Legislation; the Volcker Rule.

The Dodd-Frank Wall Street Reform and Consumer Protection of 2010 (the “Dodd-Frank Act”) included significant alterations to the regulations applicable to financial institutions and investment advisors, including CAI and its affiliates, as well as the investment funds CAI sponsored and manages. Among other things, the “Volcker Rule” contained in the Dodd-Frank Act limits the ability of banking entities and their affiliates, including CAI, to sponsor and invest in, and in some cases serve as investment manager of, investment funds. As a result of the Dodd-Frank Act and the multitude of regulations being passed to implement its broad provisions, CAI has undertaken significant actions to modify its business, including the divestitures undertaken over the course of 2013 described in Item 2 above. CAI continues to evaluate the effect of these laws and regulations, and may need to take further actions to adjust in advance of the July 21, 2015, deadline for conformance with the Volcker Rule. No assurance can be given that any such further actions would not have a significant negative impact on the Funds.

Illiquidity of Alternative Investments

The documents governing the Funds generally impose substantial restrictions on transfers of an interest in the Funds and require the consent of the Investment Manager to be obtained before any such transfer. An Investment Manager may generally withhold such consent for any reason or no reason. Interests in the Funds were offered without registration under the Securities Act, in reliance upon an exemption contained in Section 4(2) of the Securities Act and/or Regulation D under the Securities Act. There is no public market for such interests and, for a variety of regulatory reasons, no such market will be permitted to exist. Investors also generally may not redeem an interest in or otherwise withdraw from a Fund.

Use of Underlying Fund Managers

In investing in a Feeder Fund or Fund of Funds, investors will incur the costs of multiple levels of investment advisory services: the fees to CAI as described more fully above, and the management and incentive and others fees paid or allocations made to Underlying Fund Managers themselves. The asset-based fees of the Underlying Fund Managers generally range from 1% to 3%, and the performance-based allocations or fees of the Underlying Fund Managers generally range from 10% to 30% of net capital appreciation. CAI and some Underlying Fund Managers may manage or invest in other funds or funds-of-funds, which would add additional layers of fees. In addition to advisory fees and its own investment and operational expenses, each Fund will incur its proportionate share of all of the expenses of the Underlying Funds, including, but not limited to, brokerage commissions and legal and accounting fees. In some instances, affiliates of the Investment Manager receive fees or other compensation as a result of a Fund’s investments.

CAI or its affiliates and the Underlying Fund Managers of many, and possibly all, of the Underlying Funds are compensated through incentive fee arrangements. Under these incentive fee arrangements, CAI and the Underlying Fund Managers may benefit from appreciation, including unrealized appreciation, in the value of the account, but may not be similarly penalized for realized losses or decreases in the value of the account. Such fee arrangements may create an incentive for CAI and the Underlying Fund Managers to make investments that are unduly risky or speculative. Depending on how a performance fee is calculated, some Underlying Fund

Managers and CAI may receive fees, including incentive fees, even though the relevant Underlying Fund or the investing Fund as a whole is not profitable.

Underlying Fund Managers may provide limited transparency to CAI into their respective investment activities and operations. While CAI has policies and procedures in place to evaluate and monitor the operations of Underlying Fund Managers with whom the Funds invest, there can be no assurance that a Fund will not be exposed to losses due to operational failure, business interruptions, or improper or illegal activities by one or more Underlying Fund Managers, and it may be difficult, if not impossible, for a Fund and CAI to protect investors from the risk of any Underlying Fund Manager engaging in fraud, misrepresentation or material strategy alteration. CAI's access to information about the Funds' investments on a daily or regular basis will be limited, and investors in the various Funds typically have no right to demand such information. In addition, CAI may not be able to ascertain investment positions taken by many of the Underlying Funds in which Funds invest and it is unlikely that CAI will be able to effectively verify many of the valuations provided by Underlying Fund Managers. If an Underlying Fund Manager were to incorrectly value or misrepresent the value of an investment in an Underlying Fund, such incorrect value or misrepresentation could have a material adverse effect on the performance of the relevant Fund.

While the use of multiple Underlying Fund Managers may provide some diversification of investment risk, no assurance can be given that such diversification will occur, or that if it does, that it will increase, rather than reduce, potential net profits.

Investors themselves will generally have no direct dealings or contractual relationships with any Underlying Fund Manager or the funds they manage.

Privately Offered Funds

The Funds are generally not subject to many provisions of the federal securities and commodities laws that are designed to protect investors in pooled investment vehicles offered to the public in the United States. The interests in Funds were not offered pursuant to registration statements effective under the Securities Act and generally are not subject to the periodic information and reporting provisions of the Exchange Act, nor are any of the Funds registered as investment companies under the Investment Company Act.

Valuation Risks

Valuations of the Funds' directly or indirectly held assets may involve uncertainties and require the application of business judgment. If such valuations should prove to be incorrect, the net asset value of a Fund could be adversely affected, and prices obtained on disposition of assets could differ materially. Valuation of assets of the Funds is generally based on the net asset value of Funds reported by the Investment Manager in accordance with its practices and policies. With respect to Funds that allocate to an Underlying Fund, valuation of the assets of such Funds is generally based on the net asset value of the relevant Underlying Fund reported by its Underlying Fund Manager in accordance with its practices and policies, without independent verification by CAI. Such practices and policies may not be consistent among Underlying Fund Managers. These valuations may be based on unaudited financial records and, in some cases,

may be only a preliminary or estimated calculation of the net asset value and, therefore, may be subject to adjustment (upward or downward) upon the auditing of such financial records.

Risk Management

Citi's alternative investments risk management team includes professionals with experience in analyzing the risks of investing in private equity and underlying fund assets on a global basis. Where applicable, Citi believes that risk management for alternative investment funds making and managing illiquid private equity and fund-of-fund investments requires an understanding of key strategic and financial factors at both the Fund level and the investee company or Underlying Fund level, as applicable, as well as applicable local and regional macroeconomic, political and regulatory factors that may affect an investee asset and its performance. Citi's risk management team meets periodically with each Fund's asset management team as appropriate to review the status of the Fund's investments and receives additional updates as needed on any individual asset. No risk management process is fail-safe, and no assurances can be given that Citi's risk management process will achieve its objective. From time to time, Citi may modify or change its risk management organization and/or practices in its sole discretion.

Leverage

Funds may be authorized to borrow funds in order to employ leverage, to manage liquidity and for any other purpose (as specified in their respective account documentation and governing documents). Such borrowings may be secured by a pledge of assets to the lender. At the same time, leverage increases the Funds' exposure to capital risk and higher current expenses through greater exposure to losses, interest charges, fees imposed by lenders and transaction costs. Any leverage at the Fund level will be in addition to the often substantial leverage employed by the Underlying Fund Managers and would serve to further increase the risk associated with these positions.

Distributions In-Kind

Although Funds generally intend to make distributions in cash, it is possible that under certain circumstances (including upon the liquidation of a Fund), distributions may be made in kind and could consist of securities in privately held companies that may be subject to legal and contractual restrictions on transfer and for which there is otherwise no readily available public market or other means of realizing an investment return. There can be no assurance that a Fund will be able to liquidate such assets or that any such liquidation will be at a price favorable to a Fund's investors. The risk of loss and delay in liquidating any assets distributed in kind will be borne by investors.

Reliance on Management by Third Parties

Although CAI seeks to monitor the performance of each investment, Funds will rely upon management of their portfolio companies to operate the companies on a day-to-day basis. There can be no assurance that such management, or any new management, will operate their businesses successfully.

Bankruptcy of Portfolio Companies

A Fund may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. National and local laws of the

jurisdiction in which a bankruptcy filing is made (and any other relevant jurisdiction) in connection with such bankruptcy proceedings could operate to the detriment of such Fund. There is also a risk that a court may subordinate the Fund's investment to other creditors or require the Fund to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if the Fund has management rights in such portfolio company.

Investment Selection

Investment Managers selected securities for investment on the basis of information and data prepared by the issuers of such securities as well as sources other than the issuers. Although an Investment Manager evaluates available information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, Investment Managers are not in a position to confirm the completeness, genuineness or accuracy of such information and data.

Investment in Foreign Securities

Certain Funds have positions, either directly or indirectly through Underlying Fund Managers and Underlying Funds, in non-U.S. securities. Investment in non-U.S. securities may be subject to greater risks than purely domestic investments because of a variety of factors, including currency controls and the fluctuation of currency exchange rates, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. In addition, there may be less publicly available information about non-U.S. issuers than about U.S. issuers, and non-U.S. issuers are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of U.S. issuers.

Counterparty Risk

Funds are subject to the risk of the failure or default of any counterparty to a Fund's transactions. The institutions, including brokerage firms and banks, with which Funds do business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of a Fund. Hedging transactions and other financial instruments designed to mitigate risk or otherwise support investment transactions also involve counterparty risk elements that may be impossible or impractical to eliminate and may create unforeseen exposures. If there is a failure or default by the counterparty to such a transaction, the contractual and other legal remedies available may be limited or inadequate. Counterparty risk may be reduced but not eliminated through the selection of financial institutions and types of transactions employed.

Distributions

There can be no assurance that an investment in a Fund will generate a profit or that any Fund will make distributions on a regular basis or at all. To the extent a Fund does make distributions, such distributions may be infrequent. As a result, an investment in a Fund is not suitable for investors seeking current income.

No Manager Liability Beyond Investment Assets

Subject to an Investment Manager's fiduciary responsibility to investors in a Fund, the Investment Manager shall have no personal liability to an investor for the return of any investment in such Fund; any such return would be made solely from the Fund's assets.

Indemnification.

Investment Managers and other persons retained by a Fund are entitled to indemnification and/or exculpation for liability and losses incurred or arising out of their performance of services, except under certain circumstances, from the respective Fund as set forth in more detail in the respective Fund documents. A Fund may also enter into indemnification arrangements and other arrangements that impose limitations on liability with its service providers and other parties

Early Termination

In the event of the early termination of a Fund, at the time of the associated sale or distribution of the Fund's investments, certain securities held by the Fund may be worth less than the initial cost or previously reported value of such securities, resulting in a loss to investors.

Limited Voting Rights

The documents governing the Funds will generally provide that investors have no voting rights except in limited circumstances. Generally, investors will have no right to vote on many matters affecting the Funds, including, without limitation, the election and dismissal of directors, most amendments, supplements or other modifications to the governing documents of the Funds or the merger and/or consolidation of the Funds or the liquidation of the Funds.

Defaulting Investors; Exclusion from Investments

Upon the failure of an investor in a Fund to fund required capital contributions, such investor will be in default. The amount of such default will accrue interest. In addition, a number of remedies may be exercised against such investor including (i) causing the defaulting investor to forfeit a portion of future distributions made by the Alternative Fund and (ii) causing the defaulting investor to be excluded from participating in future investments. In addition, the defaulting investor may have no rights to make capital contributions to the Fund.

If investors fail to fund significant subscription obligations or to make required capital contributions when due, such failure could limit a Fund's opportunities for investment diversification and could adversely affect returns as well as the Fund's ability to implement its investment strategy or otherwise continue operations. The general partner (or similar party) of the Fund will have the right in its discretion to take certain actions in order to cover shortfalls arising from the default of the investor or the exclusion or excuse of the investor as the general partner deems appropriate under the circumstances. The general partner may, for example, (i) require an increase in the capital contributions of all other investors or (ii) obtain the agreement of another investor or a third party to cover all or a portion of the shortfall. If the general partner elects to have the other investors cover the shortfall, such investors will have an increased share in such investments in proportion to their respective capital commitments, and accordingly in the risks associated with such investments.

An investor may be excluded or excused from participating in any portfolio investment if the general partner determines in its discretion that such participation might otherwise have certain

materially adverse effects on a portfolio company, the Fund, other investors or any of their respective affiliates, including if such participation would be likely to result in violations of law or the imposition of a material regulatory or legal burden, or as a result of certain circumstances relating to such investor.

Involuntary Sale of Interest

The general partner or Investment Manager of a Fund may generally cause an investor to sell its interest if the general partner or Investment Manager, as applicable, determines that the continued participation of such investor would have a material adverse effect on the general partner, the Fund, any portfolio company, any other investor or any of their respective affiliates.

Tax Risks

Tax consequences to investors from an investment in a Fund are complex. There may be changes in tax laws or interpretations of such tax laws adverse to the Fund or its investors. There can be no assurance that the structure of a Fund or of any investment will be tax-efficient to any particular investor. Investors are strongly urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax exempt and non-U.S. investors, with reference to any special issues that investment in a Fund may raise for such investors. For example, there can be no assurance that a Fund will have sufficient cash flow to permit it to make annual distributions in the amount necessary to pay tax liabilities resulting from any investor's ownership of interests in such Fund.

Political Risks and Catastrophic Events

Depending on the country in which a portfolio company is located, it may be subject to risk of adverse political developments, including nationalization, confiscation without fair compensation or war. Portfolio investments may also be subject to catastrophic events and other force majeure events, such as fires, earthquakes, severe weather conditions, changes in law, eminent domain, riots, terrorist attacks and similar risks. These events could result in the partial or total loss of a portfolio investment or significant down time resulting in lost revenues, among other potentially detrimental effects.

Substantial Fees and Expenses

The Funds are required to meet certain fixed costs, including organizational and offering expenses, investment-related expenses, and ongoing administrative and operating expenses (such as fees payable to service providers). These fees and expenses may be substantial and are payable regardless of whether any profits are realized by the Funds.

Side Letters and Other Agreements

Some Funds may have entered into separate agreements with certain investors, such as those affiliated with the Investment Managers or those deemed to involve a significant or strategic relationship, to waive certain terms, or to allow such investors to invest in separate classes of interests with different terms than those of the other investors, including, without limitation, with respect to fees, liquidity or depth of information provided to such investors concerning the Fund. Under certain circumstances, these agreements could create preferences or priorities for such investors with respect to other investors in the same Fund. In addition, the Investment Manager may specifically allocate capacity with respect to one or more of a Fund's investments to other clients or investors who desire increased exposure to such investments.

Some Funds may offer certain investors additional or different information and reporting than that offered to other investors. Such information may provide the recipient greater insights into the Fund's activities than is included in standard reports to investors, thereby enhancing the recipient's ability to make investment decisions with respect to the Fund.

The foregoing list of risk factors is not a complete explanation of the risks involved in an investment in a Fund.

Item 9 Disciplinary Information

Below are summaries of certain legal and disciplinary events that maybe material to clients and prospective clients. Additional information about legal and disciplinary events involving us and our management persons is available in Item 11 of Part 1A on Form ADV at www.adviserinfo.sec.gov.

Citigroup, CAI LLC and related parties were named as defendants in a putative class action lawsuit filed in October 2012 on behalf of investors in CSO Ltd., CSO US Ltd., and Corporate Special Opportunities Ltd., whose investments were managed by a subsidiary of CAI LLC. Plaintiffs assert a variety of state common law claims, alleging that they and other investors were misled into investing in the funds and, later, not redeeming their investments. The complaint seeks to recover more than \$400 million on behalf of a putative class of investors. Additional information concerning this action is publicly available in court filings under the docket number 12-cv-7717 (S.D.N.Y.) (Castel, J.).

Item 10 Other Financial Industry Activities and Affiliations

CAI may share resources, other employees and management, as well as investment ideas and opportunities, with any or all affiliates engaged in similar activities. Certain employees of CAI are registered as broker-dealer representatives of Citigroup Global Markets Inc.

Citigroup Global Markets Inc., Citibank, N.A. and other affiliates have acted as placement agents for securities issued by vehicles managed or sponsored by CAI.

CAI has recommended that its clients invest in investment funds in which CAI or one of its affiliates is a managing or non-managing general partner (or equivalent).

Material Relationships or Arrangements with Certain Related Persons.

Broker-Dealer.

Citigroup Global Markets Inc., a registered broker-dealer ("CGMI"), served as the distributor of Private Equity Products and Real Estate Products. Other Citigroup affiliated entities have also served as distributors or referral agents for these CAI-advised funds. Such affiliated distributors

may charge placement or other fees to clients as provided in the relevant account documentation. In addition they may share in the fees paid to CAI. See Item 5 “Fees and Compensation”.

CAI may, in certain limited circumstances, select CGMI as a broker-dealer in respect of the Funds. See Item 12 “Brokerage Practices”.

Banking Institutions.

As described above, certain Citigroup affiliates have served as distributors or referral agents for CAI-advised funds and accounts.

Certain Funds may retain Citibank, N.A. to provide certain cash account or other custodial services.

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

Code of Ethics

CAI has adopted a Code of Ethics that memorializes CAI’s fundamental duties as a fiduciary. The Code of Ethics includes standards of business conduct and incorporates a personal investments policy. Each employee receives a copy of the Code of Ethics upon hiring and annually thereafter and must sign an attestation that such employee has read and understood such Code of Ethics.

CAI’s Code of Ethics requires each employee to prioritize the interests of the client, to avoid conflicts of interest, to never abuse such employee’s position of trust and responsibility and to comply with all federal securities laws. Employees are required to safeguard material non-public information in such employee’s possession and are prohibited from using such information to such employee’s personal benefit. Each employee must treat information belonging to clients as confidential and take care to protect such information from unauthorized access by third parties.

To avoid any potential conflict of interest involving personal transactions, CAI requires each employee to notify the Compliance department upon opening a personal account, to pre-clear personal transactions and disclose all potential conflicts of interest with regard to such a personal transaction before engaging in the transaction. Employees are also subject to a restricted list and blackout periods. In addition, access persons (defined as employees with access to non-public information regarding CAI’s purchase or sale of securities and directors, officers and partners) will (i) upon starting employment, provide a complete record of his or her securities holdings to the Compliance Officer and annually thereafter and (ii) provide quarterly reports of personal securities transactions within 30 days following the end of the quarter, unless such information has been provided through other means. All employees are required to inform the Compliance Officer of any violation of the Code of Ethics that comes to his or her notice.

A copy of CAI’s Code of Ethics will be provided to any client or prospective client upon request.

Trading Practices

Participation and Interest in Client Transactions. CAI has implemented policies and procedures that address affiliated transactions. Therefore, from time to time, CAI or its affiliates may effect a securities transaction between one or more Funds. In such case, one Fund will purchase securities held by another Fund. CAI effects these transactions only (i) when it deems the transaction to be in the best interests of both client accounts and (ii) at a price that CAI has determined by reference to independent market indicators, which CAI believes to constitute “best execution” for both accounts. Neither CAI nor its affiliates will receive any compensation, directly or indirectly, for arranging such a transaction. To the extent that CAI or its affiliates engage in principal agency, agency cross transactions or cross trades, such transactions will be consummated in accordance with Section 206(3) of the Advisers Act and, as applicable, Rule 206(3)-2 promulgated thereunder.

Interest in Client Transactions

CAI may recommend securities in which it and/or its affiliates directly or indirectly have a financial interest. CAI affiliates also may buy and sell securities that CAI recommends to advisory clients for purchase and sale. CAI may give advice and take action in the performance of its duties to clients which differs from the advice given, or the timing and nature of action taken, with respect to the accounts of its affiliates and/or the accounts of other clients.

In certain instances, affiliates of CAI have acquired investments in an issuer on a side-by-side basis with an investment vehicle managed by CAI. Such investments may provide the vehicle with access to investments that it could not otherwise have obtained. However, this practice may give rise to potential conflicts of interest.

Temporary investments in which an account’s assets may be invested include instruments issued, or funds managed by, an affiliate of CAI, in which case such affiliate will receive fees or other compensation in connection with such investment. Such fees will be in addition to the advisory fees and other compensation paid to CAI.

Inside Information

CAI has adopted procedures to guard against insider trading. In the event that CAI obtains material, non-public information about an issuer, it may be prohibited from trading the issuer’s securities until the information becomes public or is no longer material. CAI’s investment flexibility may be constrained as a consequence of CAI’s inability to use such information for investment purposes.

Other Conflicts of Interest

As an indirect subsidiary of Citigroup, CAI is a member of a large corporate conglomerate consisting of many affiliated entities. In addition, Citigroup has existing and potential relationships with a significant number of institutions and individuals. Affiliates of CAI engage in a broad spectrum of activities, including financial advisory activities, merchant banking, lending, arranging securitizations and other financings, sponsoring and managing private investment funds, engaging in broker-dealer activities, and other activities, and they have

extensive investment activities that are independent from, and may from time to time present potential conflicts of interest with, CAI's clients. Many of these potential conflicts of interest arise in connection with the investment banking activities and other investment management activities of CAI affiliates. For example, Citigroup affiliates often represent potential purchasers and sellers in portfolio company divestitures or may pursue investments on a proprietary basis on their own behalf. In these cases, these relationships or proprietary investment activities may result in a Fund not being permitted to pursue certain investment opportunities. Accordingly, no assurances can be given that all potentially suitable investment opportunities will be offered to any given Fund. In addition, Citigroup could provide investment banking services to competitors of portfolio investments of Funds, in which case Citigroup and its affiliates will take appropriate steps to safeguard the confidential information of each client.

CAI has taken certain steps to ameliorate these potential conflicts of interest. CAI is organizationally and legally separate from and reports through different channels from the investment banking businesses of Citigroup. CAI's compensation, including that of its employees, is independent of the activities of its affiliates, although CAI has an inherent interest in the value of the Citigroup conglomerate. Information barriers have been erected that are designed to prevent the flow of non-public information between Citigroup's investment management activities, which include CAI, on the one hand, and its investment banking and direct investment activities, which include Citigroup Global Markets Inc., on the other hand.

CAI affiliates may engage in transactions with, and provide services to, portfolio companies and potential portfolio companies of CAI clients. A Fund may pay investment banking fees to a CAI affiliate for providing services in connection with: (i) the acquisition, disposition or sale of companies in which the Fund invests; (ii) equity or debt financings; or (iii) other investment banking services.

An affiliate may be engaged to act as financial adviser to a company in connection with the sale of such company, or subsidiaries or divisions thereof. The compensation provided to a CAI affiliate for such activities typically will be based upon realized consideration and will likely be contingent, in substantial part, upon closing. CAI affiliates may be precluded from offering such company to any affiliated Fund or other CAI client if the seller has required the CAI affiliate to act exclusively on its behalf. Additionally, there may be seller assignments in which the seller permits the Fund or other CAI client to act as a buyer. If an affiliated Fund or other CAI client were to be that buyer, certain conflicts of interest would be inherent in the situation, including those involved in negotiation of a purchase price.

CAI affiliates may be engaged to act as financial adviser to financially troubled companies in connection with the restructuring of their capital structures or in connection with their bankruptcy. The compensation provided to a CAI affiliate for such activities generally is based upon the successful completion of a restructuring, which may include raising funds for the purchase of existing securities or for an equity infusion. If an affiliated Fund or other CAI client is an investor in such a company, certain conflicts of interest would be inherent in the situation, including those involved in negotiation of a purchase price.

CAI affiliates may provide services to, invest in, advise, sponsor and/or act as investment manager to investment vehicles and other persons or entities (including prospective investors in the Funds, Underlying Funds, Private Equity Investment Funds and Funds of Real Estate Funds) which may have similar structures and investment objectives and policies to those of the Funds, Underlying Funds, Private Equity Investment Funds, and Funds of Real Estate Funds and which may compete with the Funds, Underlying Funds, Private Equity Investment Funds, and Funds of Real Estate Funds for investment opportunities and which may co-invest with the Funds, Underlying Funds, Private Equity Investment Funds, and Funds of Real Estate Funds in certain transactions. In addition, CAI affiliates and their respective clients may themselves invest in securities or real estate, that would be appropriate for the Funds, Underlying Funds, Private Equity Investment Funds, and Funds of Real Estate Funds and may compete with the Funds, Underlying Funds, Private Equity Investment Funds, and Funds of Real Estate Funds for investment opportunities.

CAI affiliates, such as Citigroup Global Markets Inc., may provide advisory and other services to parties entering into transactions with entities advised by CAI. In such instances, steps will be taken to ensure that the investment decision-making process on behalf of the CAI-advised entity is insulated from any investment banking considerations.

CAI may engage in transactions on behalf of its Funds (or their subsidiaries) with, or seek services for such Funds from, affiliates or other related parties or former related parties. For example, certain affiliates of CAI or other related parties may, subject to Bank Holding Company Act and other regulatory restrictions, provide services to its funds or their subsidiaries, including debt and equity financing services, raising of equity capital for a Fund's portfolio companies, development or redevelopment services, development oversight or construction management services, interest rate hedging, foreign exchange services or hedging, brokerage services or investment banking services (including in connection with asset sales). In most instances, the Fund's governing documents will provide that CAI or its affiliates may be retained to provide (and be compensated for providing) services to a fund, such as those described in the preceding sentences or that are ancillary to the fund's investment or financing activities or are customarily provided by a service provider in connection with the acquisition, disposition, leasing, financing or management of properties, without investor or Advisory Board/Committee approval so long as such services are provided at market rates. Such fees will not be shared with the Fund for which the services are provided. A Fund may sell shares to an affiliate or other related party, generally at the then-current share price.

A Fund may from time to time make an investment together with a CAI affiliate or investment client or other related parties, or may make an investment in which an affiliate or other related party is already invested or has other competing interests. Conflicts can arise even where the two entities have invested on a substantially *pari passu* basis such as with respect to the manner and timing of each party's exit from the investment; such conflicts are exacerbated if the Fund and the CAI affiliate or related party are invested in different securities, particularly where the investment experiences financial difficulties. For example, if additional funds are necessary as a result of financial or other difficulties, it may not be in the best interest of the Fund to provide such additional funds. Conversely, if an affiliate or related party would lose their respective

investments as a result of such difficulties, the ability of CAI to recommend actions in the best interests of its Fund client might be impaired.

CAI or its affiliates have made a large capital commitment to various Funds and therefore may have conflicting interests in connection with any joint investments or in the event CAI or such affiliate wishes or is otherwise required to dispose of such Fund interests for regulatory or other reasons. Where there has been a co-investment by CAI or an affiliate with a Fund, because of the differentials in cost of capital and other circumstances, there can be no assurance that the return on any given fund's investment will be equivalent to or better than the returns obtained by the other related parties participating in such co-investments. Moreover, many of the CAI-sponsored Private Equity Products and Real Estate Products provided their general partners (i.e. an applicable investment team) with a "carried interest," and this may have created an incentive for the general partner to make riskier or more speculative investments on behalf of such funds than would be the case in the absence of such arrangements. This situation can be exacerbated because various employees of CAI may have an indirect interest in the carry provided to CAI.

Generally speaking, the officers and employees of CAI will devote such time as the general partners of their various Funds deem necessary to carry out the operations of the Funds. However, officers and employees of CAI are not necessarily required to devote full time to a given fund's business and they may have conflicts of interest in allocating their time between such fund and other related or unrelated activities.

Citigroup professionals were in some cases permitted to co-invest in certain investment opportunities in which a given client fund invests as a further incentive and means of aligning such professionals' interests with the interests of the fund's investors.

Investors in CAI's various Funds include entities and persons located in various jurisdictions, who may have conflicting investment, tax and other interests with respect to their various fund investments. As a result, conflicts of interest may arise in connection with decisions made by CAI or its affiliates that may be more beneficial for one type of investor than another type of investor. CAI will follow the investment objective and standards for resolving such conflicts set forth in each of its fund's governing documents—e.g., by focusing on the pre-tax investment objectives of a fund as a whole.

In certain situations, CAI may be restricted or precluded from pursuing an investment with respect to a given property due to certain regulatory considerations arising under the Bank Holding Company Act, ERISA, section 17 of the Investment Company Act of 1940, or similar laws.

Procedures for Resolving Conflicts of Interest

On any issues involving actual conflicts of interest, CAI will be guided by its legal obligations, including but not limited to the contractual requirements governing such situation, as well as its good faith judgment as to a client's best interests. CAI may refer the matter to a committee designed to monitor fiduciary relationships. Subject to the applicable investment management

agreement and other governing documents, CAI may take such actions as it may deem necessary or appropriate to ameliorate the conflict.

Item 12 Brokerage Practices

Brokerage Discretion

CAI generally is not limited in its authority to select broker-dealers for trade execution, to the extent applicable. CAI generally considers it appropriate (unless there are relevant factors such as customer direction or legal requirements or policy decisions to the contrary) to use the execution services of affiliated broker-dealers for the purchase and sale of such securities for investment advisory clients. CAI's affiliates will receive compensation in connection therewith. As discussed below in connection with unaffiliated broker-dealers, in light of all of the factors bearing upon the execution services provided by CAI's affiliated broker-dealers, the commissions charged may exceed those that other broker-dealers may charge. Any such transactions will be executed by CAI's affiliated broker-dealers only to the extent permitted by, and in compliance with, applicable law and regulations, including Section 11(a) of the Securities Exchange Act of 1934 and, for clients subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), Prohibited Transaction Class Exemption 86-128.

Clients may direct CAI not to execute securities transactions through its affiliated broker-dealers. CAI also may accept instructions from a client to direct specific amounts of brokerage to particular broker-dealers in connection with services rendered by those broker-dealers directly to the client. In either case, the client may pay higher commissions than if CAI selected the broker-dealer and negotiated the commission rates. With respect to clients subject to ERISA, CAI will not accept a client direction if CAI is aware that the transaction is not in the best interests or is not for the exclusive benefit of the client.

In selecting an unaffiliated broker-dealer for trade execution, CAI uses its best judgment to select a broker-dealer that provides prompt and reliable execution at favorable securities prices and reasonable commission rates. Ordinarily, the best net price, giving effect to brokerage commissions and other costs, is the determining factor, but a number of other factors also may enter into the decision. These factors may include: the nature of the security being traded; the size and complexity of the transaction; the desired timing of the transaction; the existing and expected activity in the market for particular securities; confidentiality; and the execution, clearance, and settlement capabilities and financial condition and other relevant and appropriate services of the broker-dealer.

Research and Other Soft Dollar Arrangements

CAI does not utilize client's agency commission dollars to purchase research and other services (i.e., soft dollars).

Item 13 Review of Accounts

Review of Accounts

Private Equity Products: Private Equity Investment Funds typically hold annual meetings with investors to review and discuss the funds' investment activities and portfolio. Valuation committee meetings are held quarterly to review the valuation of underlying investments.

Real Estate Products: Management of CAI's real estate business has been transferred to a third-party. However, the anticipated occurrence of certain significant matters triggers a review by CAI before such matter is consummated.

Client Reports

Private Equity Fund Products: CAI provides each Fund's general partner or managing member with periodic reports concerning the Fund's investments. While the Funds' underlying investors are not advisory clients of CAI and will not receive periodic reports from CAI as advisory clients, such investors will be provided by the Funds with annual audited financial statements of the applicable fund and periodic investor reports.

Real Estate Funds: As part of the transfer of the management of CAI's former real estate business, CAI has engaged a third-party to serve as a sub-advisor to CAI. The sub-advisor works with certain CAI affiliates to prepare and deliver quarterly investor reports.

Item 14 Client Referrals and Other Compensation

CAI does not receive any economic benefits from non-clients for providing investment advice or other advisory services to clients.

CAI historically entered into agreements with its employees, and/or third parties to solicit clients for CAI's investment advisory services. Under such agreements, persons could refer or solicit clients and receive compensation for such services. The structure of any such agreement with a third party, including the compensation payable to the solicitor, has been disclosed fully to the client as required by applicable law. Different solicitors, including affiliates, received varying amounts of compensation for their services.

CAI also may have entered into agreements to refer clients to its affiliates. Under such arrangements, CAI would have received compensation for such referrals.

Item 15 Custody

CAI does not provide custodial services to its clients. Client assets are held with banks, registered broker-dealers, or other qualified custodians.

CAI will cause its Funds and any related special purposes vehicles to maintain their funds and securities with a qualified custodian, which includes a U.S. bank, an SEC-registered broker-dealer, a CFTC-registered futures commission merchant, and a foreign financial institution that segregates client assets.

In addition, each Fund or special purpose vehicle is required to be audited at least annually and to provide audited financial statements to its investors within 120 days after the end of its fiscal year, or 180 days in the case of funds of funds. (Otherwise, the relevant fund custodian will send each such fund investor a quarterly account statement showing such fund's quarter-end positions

and NAV, and the fund's aggregate account transactions during the quarter. In addition, a surprise examination of the relevant fund will be conducted by a qualified independent accountant.)

Item 16 Investment Discretion

CAI has the authority to determine, without obtaining specific client consent, the investments and temporary investments a Fund will acquire, subject in each case to the limitations and restrictions described in the Funds' offering materials and governing documents and their investment advisory agreements. A Fund may receive distributions from an Underlying Fund or portfolio company in kind in the form of securities of portfolio companies, some of which may be illiquid or restricted securities. With respect to such distributions, CAI may have the discretion to sell such securities and distribute the cash proceeds, distribute such securities in kind or offer the relevant Fund's investors the option, subject to CAI's consent, either to receive the securities in kind or have the Fund sell them and distribute the cash proceeds. While CAI will use reasonable efforts in such instances to sell or to distribute marketable securities promptly, investors will bear any associated costs or market risks during the disposition process.

Item 17 Voting Client Securities

CAI has been delegated the authority to vote investment proxies on behalf of certain of its clients and has adopted written policies that are reasonably designed to ensure proxies are voted in the best interest of its clients and to resolve conflicts of interest (the "Policies"). The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, in a manner that serves the best interests of client accounts, as determined by CAI in its discretion. Clients may request a copy of the Policies and the proxy voting record relating to their account by contacting CAI.

Item 18 Financial Information

All client fees owed to CAI are either paid in arrears or paid less than six months in advance. Under relevant SEC rules, this means that CAI is not required to disclose information about its financial position or balance sheets. Nonetheless, we confirm that we believe that CAI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has never been the subject of a bankruptcy proceeding.