

FORM ADV PART 2A: FIRM BROCHURE

Rialto Capital Management, LLC

790 NW 107th Avenue, Suite 400

Miami, FL 33172

December 10, 2018

This brochure provides information about the qualifications and business practices of Rialto Capital Management, LLC and its subsidiaries (collectively “Rialto” or “Adviser”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at (305) 485-2077 or email at liat.heller@rialtocapital.com. Additional information about Rialto is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Rialto is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.



Item 2: Material Changes

This Brochure is being revised since its last filing February 28, 2018.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation	5
Item 6: Performance Based Fees and Side-by-Side Management	6
Item 7: Types of Clients	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9: Disciplinary Information	12
Item 10: Other Financial Industry Activities and Affiliations	13
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
Item 12: Brokerage Practices	17
Item 13: Review of Accounts	17
Item 14: Client Referrals and Other Compensation	18
Item 15: Custody.....	18
Item 16: Investment Discretion	19
Item 17: Voting Client Securities	19
Item 18: Financial Information	19

Item 4: Advisory Business

Rialto Capital Management, LLC (collectively with its subsidiaries as described herein, “Rialto” or the “Adviser”), a Delaware limited liability corporation, was formed in 2007 and operates as an integrated investment and asset management business with professionals operating from offices throughout the United States and Europe. In 2018, Rialto was acquired by various funds managed by Stone Point Capital, LLC along with a few of Rialto’s employees. Rialto is led by Jeffrey Krasnoff, Chief Executive Officer, and Jay Mantz, President.

Rialto Capital Management, LLC registered with the SEC as an investment adviser in 2012. Together with its affiliated investment advisers, Rialto Partners GP, LLC, Rialto Partners GP II, LLC, Rialto Mezzanine Partners GP, LLC, RCCF GP, LLC, RCCF GP II, LLC, RCCF GP III, LLC, RCCF GP IV, LLC, Rialto Partners GP III - Debt, LLC, Rialto Partners GP III - Property, LLC, Rialto Credit Partnership GP, LLC, RSSF GP, LLC and Rialto Absolute Partnership GP (“General Partner(s)”), Rialto provides investment advice to pooled unregistered investment vehicles (the “Funds” or the “Rialto Funds”) and separately managed accounts. Rialto sub-advises certain of the Funds. Unless the context otherwise requires, the General Partners are included in the term “Rialto.” Any persons acting on behalf of the General Partners are subject to the supervision and control of Rialto in connection with any investment advisory activities. In accordance with SEC guidance, the General Partners are registered as investment advisers in reliance on one Form ADV filed by Rialto.

Rialto’s relying advisers, Rialto Capital Management Luxembourg Sarl, Rialto Capital Management Netherlands B.V., and Rialto Capital Management Spain, S.L. are registered under the Advisers Act pursuant to Rialto’s registration in accordance with SEC guidance. Rialto (including the General Partners), and these relying advisers operate as a single investment advisory business.

Rialto’s clients, which include separate accounts and the Funds (collectively, the “Clients”), invest primarily in real estate properties, real estate loans and real estate related securities located in the U.S. and Europe. The Rialto Funds rely primarily on exemptions under Section 3(c)(7) and Section 3(c)(1) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). Interests in the Funds are also not registered under the Securities Act of 1933 (“Securities Act”) in reliance on exemptions provided by Section 4(a)(2) of the Securities Act of 1933 and Regulation D promulgated thereunder.

Rialto provides investment advice directly to the Funds and not individually to their limited partners or other investors. Rialto manages the Funds’ assets in accordance with the objectives and strategy as defined in each Fund’s private placement memorandum and/or limited partnership agreement (“Governing Fund Documents”). All terms are generally established at the time of a Fund’s formation and investors may not restrict the Fund’s investments except as indicated in the Governing Fund Documents. In addition to the Funds, Rialto’s other Clients include separately managed accounts to whom Rialto provides investment advice on a discretionary and non-discretionary basis. Separately managed accounts are managed in accordance with the objectives and strategy as defined in each Client’s investment management agreement (the “Investment

Management Agreements” and, together with the Governing Fund Documents, the “Governing Documents”).

Direct Investments (Proprietary Accounts)

Through its direct investments business line, Rialto has acquired real estate loans and other real estate assets. Rialto holds its proprietary assets in separately managed accounts that are Clients of the Adviser.

As of December 31, 2017, Rialto’s Regulatory Assets Under Management were valued at \$4,751,150,571 on a discretionary basis and \$713,716,042 on a non-discretionary basis.

Item 5: Fees and Compensation

Rialto’s revenue is derived from investment management fees and carried interest allocations. Rialto and its affiliates also earn additional fees for the provision of other services as agreed to by Clients. While a general description of these fees is provided below, specific terms of these arrangements are detailed in the Governing Documents and other agreements which Rialto executes with each Client.

Management Fee

Rialto’s management fees vary by Client and are payable quarterly in advance. Fees range between 0.25% to 1.5% per annum based on capital contributions/commitments less contributions that have been invested in investments that have been liquidated, sold, or written off, invested capital, or principal as variously defined within Governing Documents executed with the respective Client. With respect to some Funds, commitments in excess of certain thresholds are subject to a discounted fee pursuant to the negotiated side letter provisions.

Certain Clients pay management fees quarterly in advance and, in certain cases, as provided for in the Governing Documents agreed upon with the Clients, such fees are not refundable. Furthermore, Rialto reserves the right to waive or reduce fees for certain investors, including employees and others as may be determined at Rialto’s sole discretion.

Other Fees

Rialto and/or its affiliates receive additional fees for services they provide to the Clients, and these may include below:

Third Party Tasks

Subject to Clients’ consent and the terms of the relevant written agreements, Rialto earns a fee for performing “Third Party Tasks.” Third Party Tasks are defined to include asset level field due diligence, loan file due diligence, loan and real estate owned asset management services, asset level accounting, loan servicing and other similar services that outside professionals or outside consultants may otherwise typically perform for similar clients (“TPT fees”). TPT fees vary and are more fully described in the applicable Client’s Governing Documents, which further provide

that TPT fees are to be paid or reimbursed at cost, fixed or market rates as determined by Rialto in good faith and as approved by investors.

Servicing Fees

Rialto's affiliate, Rialto Capital Servicing, LLC ("Rialto Servicing"), earns a fee for acting as a servicer with respect to loans held by certain Clients. In general, servicing fees vary and are calculated based on the unpaid principal balance of the loan, while liquidation fees are charged based on the amounts recovered.

Special Servicing Fees

Rialto's affiliate, Rialto Capital Advisors, LLC ("Rialto Advisors") earns fees for acting as a special servicer with respect to certain CMBS pools held by certain Clients. These fees are deal specific and are detailed in each CMBS Pooling and Servicing Agreement or applicable loan document.

Property Level Fees

In certain instances, Rialto's affiliates also earn acquisitions fees and fees for performing property, construction, or development, management, leasing and related or similar services with respect to assets or investments held by the Clients. These fees vary by Client and are detailed in agreements entered into with the relevant Client. In cases in which such fees are not predetermined in the Governing Documents, they are required to be consistent with those generally available in arm's length transactions.

Other Expenses

Rialto's Clients, including its Funds (and therefore, investors in the Funds), bear certain other expenses (directly or by reimbursing the General Partners or Rialto) which vary from Client to Client, as provided in the Governing Documents. These expenses include, but are not limited to, organizational expenses, travel costs, fees, and other out-of-pocket expenses directly related to the diligence of investment opportunities (whether or not consummated), the acquisition, ownership, financing, hedging, or sale of investments, taxes, fees of auditors and counsel, expenses of Limited Partners Advisory Committees ("LPAC"), insurance, litigation expenses, expenses associated with the preparation and distribution of reports to Clients (and investors), and any extraordinary expenses, as applicable.

Investors should review the applicable Governing Documents to fully understand all fees and expenses borne by the relevant Clients and, indirectly, by the investors in such Clients.

Item 6: Performance Based Fees and Side-by-Side Management

Rialto and/or the General Partners are entitled to receive performance based fees pursuant to the Governing Documents executed with certain of its Clients.

Specifically, a portion of each Fund's net investment profit is allocated to the capital account of its General Partner as "carried interest". The manner of calculation of such carried interest is disclosed in the Governing Fund Documents and varies by Fund. As is the case with management fees, Rialto

and its subsidiaries reserve the right to waive or reduce carried interest for certain investors, including employees, a limited number of strategic partners, advisers and consultants and others, as may be determined by Rialto or at the General Partners' sole discretion.

Rialto also charges certain incentive fees to its separately managed accounts on a case by case basis as determined by the relevant Client's Investment Management Agreement.

Rialto and/or the General Partners' receipt of performance fees may create an incentive for Rialto to make investments on behalf of the Funds and its Clients that are riskier or more speculative than would be the case in the absence of such compensation. However, Rialto believes that this conflict is mitigated because carried interest and incentive fees are not earned until investors or the Client achieve stated hurdle rates. Furthermore, Rialto believes that its interests are aligned with those of the Funds because Rialto and/or the General Partners and members of Rialto's management team have committed their capital to the Funds.

Rialto may also be incentivized to allocate the most lucrative investment opportunities to Clients who are charged the highest performance fee, rather than to Clients for whom the opportunity may be most suitable. Rialto recognizes its fiduciary duty to Clients and will endeavor to make a good faith determination to allocate such opportunities in accordance with the Clients' Governing Document and Rialto's investment allocation policy.

Item 7: Types of Clients

Rialto provides investment advisory services to separately managed accounts and funds, and not individually to the investors in such vehicles. Investors in Rialto's Clients include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, insurance companies, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

Certain Funds require minimum commitments from investors as outlined in the relevant Governing Fund Documents; however, Rialto maintains discretion to accept less than these amounts.

An investor in the Rialto Funds must meet certain suitability qualifications, such as being an "accredited investors" and "qualified purchasers" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, investors will be required to make certain representations that they (i) are acquiring an interest for their own account, (ii) received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment, and (iii) have the ability to bear the economic risk of an investment in the Fund. Details concerning applicable investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials which are furnished to each investor.

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

Methods of Analysis

Rialto has an integrated investment and operating platform, which includes in-house resources and capabilities to underwrite and diligence complex portfolios of real estate debt and assets, workout and restructure distressed debt, manage real estate owned assets, and maximize cash recoveries and profits. Utilizing its integrated operating platform and established relationships with market parties, Rialto is able to source, close and manage debt, equity and securities investments to generate risk-adjusted returns for Clients. Rialto's dedicated team of underwriting professionals perform in-depth asset level due diligence which is complemented by market based research to confirm underwriting assumptions. Rialto does not rely on any one real estate data provider, but focuses on specialists for each local market and asset type. Rialto has access to a variety of CMBS-related data providers, and receives information from a variety of industry organizations and publications.

Investment Strategies

Rialto's Clients, which include separate accounts and the Funds (collectively, the "Clients"), invest primarily in real estate properties, real estate loans and real estate related securities located in the U.S. and Europe.

Risks of Loss

All investing involves a risk of loss and identifying and evaluating potential investments is challenging. Many investment decisions made by Rialto will be dependent upon the ability of its employees to obtain relevant information and reliance upon information provided by third parties. Rialto's investment strategy entails substantial risk and could result in significant loss over short or long periods. An investment in the Funds or a Client is a speculative investment and is not intended as a complete investment program. It is rather designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. Rialto makes neither guarantee nor representation that Clients, including the Funds, will achieve their investment objective or that a Fund's limited partners or other investors will receive a return of their capital.

Certain risks associated with Rialto's investment strategy are described below. This list is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with an investment. Prospective Clients and Fund investors are therefore encouraged to carefully review applicable Governing Documents before investing.

Key Risks of Significant Investment Strategies

Risks Related to Real Estate Investments

A concentration of investments in the real estate industry may increase the volatility of returns of a Client and will increase the exposure to the risk of downturns in this industry to a greater extent than if its portfolio also included other sectors of the economy. As a result, distress in the real estate industry could adversely affect returns to a Client or investors in a Fund and may result in the loss of all or a part of a Client's account or the limited partners' investments in a Fund.

There is no assurance that the investments made by a Client will be profitable or that cash flow will be available for distribution to limited partners. For example, operating revenues may depend, in

part, upon receipt of rental payments from tenants under leases. Furthermore, because real estate, like many other 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 collateral underlying the investments (and thereby affect the value of investments). The cash flow and value of the investments will depend on many factors beyond the control of Rialto, including: changes in general economic or local conditions; changes in supply of or demand for competing properties in an area; changes in interest rates, which may affect, among other things, the ability of a Client to enter into a favorable transaction or to sell all or part of an investment; fluctuations in foreign currency exchange rates vis-a-vis the U.S. dollar, which may affect the net returns of a Client expressed in U.S. dollars; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and tenant safety; unavailability or cost of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in tax rates and other operating expenses (including the cost and availability of insurance of all types (particularly windstorm and flood insurance); the imposition of rent controls; energy, materials and/or labor shortages or the cost thereof; various uninsured or uninsurable risks; natural disasters; political instability; environmental disasters; war; and terrorism. There is no assurance that there will be a ready market for the investments because investments in real estate loans generally are less marketable than many other types of investments and are illiquid due to the unavailability of reliable or any market quotations. Accordingly, the ability of a Fund to vary its portfolio in response to changes in economic or other conditions may be limited. In addition, the acquisition, ownership and disposition of real estate loans entail litigation risks. Any one or more of the foregoing risks could materially adversely affect the return on the investments and could cause the loss of all or a part of limited partners' investments in a Client.

Risks Related to Debt Investments

Commercial lending depends upon the ability of the related real estate projects to (i) generate income sufficient to pay debt service, operating expenses and leasing commissions and to make necessary repairs, tenant improvements and capital improvements, and (ii) in the case of commercial loans that do not fully amortize over their terms, retain sufficient value to permit the borrower to pay off the loan at maturity through a sale or refinancing of the mortgaged property. The ability of borrowers to repay commercial mortgage loans typically depends upon the successful operation and/or, if applicable, construction or rehabilitation, of the related real estate project and the availability of financing. Any factor which affects the ability of the project to generate sufficient cash flow could have a material adverse effect on the value of such loans. These factors include: (i) the uncertainty of cash flow to meet fixed obligations; (ii) adverse changes in general and local economic conditions, including interest rates and other local market conditions; (iii) tenant credit risks; (iv) the unavailability of financing, which may make the operation, sale or refinancing of a property difficult or unattractive; (v) vacancy and occupancy rates; (vi) fluctuation of construction and operating costs; (vii) regulatory requirements, including zoning and rent control; (viii) environmental concerns; (ix) project and borrower diversification; (x) vandalism (with attendant security costs); (xi) uninsured losses; (xii) restrictions and compliance costs imposed by the Americans with Disabilities Act, the Fair Housing Act, as amended, and similar laws; (xiii) general non-recourse status; and (xiv) real and personal property tax laws, rates and assessments. In addition, commercial properties may involve a single user or tenant or relatively few tenants. Commercial property specifications may be tailored to the requirements of particular users or

tenants and, accordingly, it may be difficult, costly and time consuming to liquidate such properties or attract new tenants. Some properties may not be readily convertible (or convertible at all) to alternative uses if those properties were to become unprofitable for any reason. As a result, the liquidation value of any mortgaged property may be substantially less than would be the case if the property were readily adaptable to other uses.

The Funds and other Clients may acquire performing, sub-performing and/or non-performing debt interests, as well as debt interests that become sub-performing or non-performing in the future. In addition to the risks of borrower default, the collateral may be mismanaged or otherwise may have declined in value and/or may in the future decline or further decline in value. Investments in debt are subject to the risk that, upon maturity of the real estate loans, replacement “takeout” financing will not be available. In addition, borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement, and/or bring claims for lender liability in response to actions to enforce loan obligations. Moreover, in certain situations, because a Client, in the exercise of its remedies or rights under loan documents, may obtain contractual rights to participate in or to influence the management of properties by borrowers, the likelihood is increased that a borrower may claim that a Client interfered with the borrower’s business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. Often the exercise of remedies will not be led or controlled by a Client, but may be led or controlled by a holder of a different class of securities which may be in conflict with the interests of a Client.

As a lender, a Client may also be subject to penalties for violations of state usury limitations, which may result in penalties assessed against a Client or other liability to a Client. In addition, a Client’s investments in loans may involve workout negotiations, restructuring, the possibility of foreclosure and/or a discounted payoff. However, even if a loan restructuring were successfully accomplished, there are risks of a substantial reduction in the interest rate and/or a substantial write-down of the principal of such loans, each of which may also have adverse tax consequences. Further, the foreclosure process, which may not be led by a Client, varies from jurisdiction to jurisdiction and can be lengthy and expensive and under certain circumstances or in certain states and/or non-U.S. jurisdictions can result in the inability to obtain a deficiency judgment or enforce a personal guaranty. Additionally, certain states and/or non-U.S. jurisdictions may have (or may enact after a Client acquires loans) anti-deficiency and similar legislation that limits the ability of lenders, such as a Client, to collect on guarantees and/or recover deficiencies from foreclosed borrowers, which could have a material adverse effect on a Client’s anticipated return on certain loans.

As part of its investment program, a Client may invest in fixed- and floating-rate loans, which investments may be in the form of loan participations or assignments of portions of such loans. In addition to the risks described above, participations and assignments involve special types of risk, including credit risk, interest-rate risk, liquidity risk, and the general risks related to being a lender. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. If a Client purchases participations, then the Client generally will have no right either to enforce compliance by the borrower with the terms of the underlying loan or to set-off obligations that a Client may otherwise owe to the borrower. Furthermore, a Client may not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, a Client would assume

the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. Further, there may be no active secondary market for certain types of loans that a Client intends to make or acquire or for certain equity participation rights of the kind that a Client might acquire. Any of the foregoing risks could materially adversely affect the return on a Client's investments and could cause the loss of all or part of such investments.

Risks Associated with B-Notes

The Clients may invest in B-notes, which is a mortgage loan typically secured by a first mortgage on a commercial property or group of properties and subordinate to the A-note portion of the same loan (which is secured by the same first mortgage or the same collateral). In addition to the risks described above, certain additional risks apply to B-note investments. The B-note portion of a loan is typically small relative to the overall loan, and is in the first loss position. As a result, if a borrower defaults, there may not be sufficient funds remaining for B-note holders after payment to the A-Note holders. Since each transaction is privately negotiated, however, B-notes can vary in their structural characteristics and risks. For example, the rights of holders of B-notes to control the process following a borrower default may be limited in certain investments. B-notes are also less liquid than CMBS, and, as a result, a Client may be unable to dispose of performing, underperforming or non-performing B-notes. The higher risks associated with a Client's subordinate position in a B-note investment could subject such Client to increased risk of losses.

A Client that holds B-notes may also have the right to purchase the A-note from its holder to protect against the A-note holder taking certain actions, or receiving certain benefits, to the detriment of the holder of the B-note. If available, this right may not be meaningful to the Client. For example, the Client may not have the capital available to protect its B-note interest or purchasing the A-note may alter the Client's overall portfolio and risk/return profile to the detriment of the limited partners or other investors. The Clients typically do not invest in A-notes.

In addition to the foregoing, certain Clients pursue strategies related to various market cycles that have particular risks associated with those cycles. Key risks associated with the relevant market cycles and strategies are disclosed in each applicable Client's Governing Documents.

Risks Relating to Mezzanine Loans

Investments in mezzanine loans are generally secured by a pledge of the ownership interests in the entity that directly or indirectly owns the property and are typically junior to the obligations of the entity to senior creditors. These types of investments involve a higher degree of risk than a senior mortgage loan because the investment may become unsecured as a result of foreclosure by the senior lender and the ability of Rialto to influence an entity's affairs on behalf of a Client, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, a Client may not have full recourse to the assets of the property owning entity, or the assets of the entity may not be sufficient, to satisfy a Client's mezzanine loan. If a borrower defaults on a Client's mezzanine loan or debt senior to its loan, or in the event of a borrower bankruptcy, a

Client's mezzanine loan may be satisfied only after the senior debt is paid in full. As a result, a Client may not recover some or all of its investment, which could result in losses. In addition, mezzanine loans may have higher loan to value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal. In certain circumstances, in order to protect its investment, a Client may decide to repay all or a portion of the senior indebtedness relating to the particular loan or to cure defaults with respect to such senior indebtedness. In a bankruptcy of a borrower, those loans that are not secured by a lien on the underlying real estate would have a priority no greater than other general creditors of the borrower. In addition to repayment risks, these subordinate positions may be "soft," meaning subject to restrictions on enforcement rights prior to maturity or foreclosure of the senior position. These restrictions may adversely affect a Client's rights to realize upon or control the underlying assets.

Risks Associated with Commercial Mortgage Backed Securities ("CMBS")

Certain Client investments may be allocated to commercial mortgage-backed securities ("CMBS") and/or interests in other pools of commercial mortgage loans. Accordingly, the CMBS and other pools of commercial mortgage loans in which a Client may invest are subject to all of the risks of the respective underlying commercial mortgage loans, as described above. Certain subordinated securities ("first loss securities") absorb all losses from default before any other class of securities is at risk. Default risks may also be further pronounced in the case of CMBS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans. Accordingly, these securities may experience significant price and performance volatility with respect to a variety of market and non-market factors. A Client may or may not hedge the credit risk associated with CMBS. No natural hedge exists for the default risks for many asset types, including those inherent to individual whole loans. The market values of certain of these securities (such as subordinated CMBS) also tend to be more sensitive to changes in economic conditions than higher rated securities. Declining real estate values, in particular, will increase the risk of loss to subordinated CMBS upon default. The value of subordinated CMBS may also be affected by changes in government regulations and tax policies. In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the credit quality of securities that they rate. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Rialto nor any of its officers, directors, employees, or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Rialto, together with certain affiliates, operates as an integrated investment and asset management business. Jeffrey Krasnoff is the global chief executive officer and Jay Mantz the global president of the Rialto platform. The platform's two components are Rialto Capital Management and its affiliate Rialto Capital Advisors (collectively, "Rialto Capital").

Rialto Advisors which provides due diligence, asset management, special servicing and loan servicing services to Rialto's Clients. As a rated special servicer, Rialto Advisors' primary function is to manage loans that go into default or become delinquent during their term or at maturity, as well as perform surveillance services. In January 2014, Rialto Advisors, through its subsidiary Rialto Servicing, acquired Quantum Servicing Corporation, a wholly owned loan servicing business which specializes in servicing performing and non-performing whole loans, mezzanine loans, and B-notes.

In the ordinary course of their business, Rialto and its subsidiaries, the General Partners of the Clients, engage in activities which could be in conflict with the interests of Rialto's Clients. The discussion below identifies certain types of conflicts that may arise from time to time but does not purport to be a comprehensive discussion. Dealing with conflicts of interest is complex and it is not possible to predict every conceivable conflict. New and different types of conflicts may subsequently arise that do not presently exist and as a result of changes in operations or practices, the development of new relationships, etc. Nonetheless, Rialto seeks to address conflicts of interest that may arise in favor of its advisory Clients and in accordance with its fiduciary obligations under the Investment Advisers Act of 1940.

Stone Point Capital, LLC, an SEC registered investment adviser, is the investment manager of certain funds that are indirect owners of Rialto.

Allocation of Investment Opportunities

In general, Rialto's investment offerings endeavor to identify investments with distinct characteristic and return profiles. Rialto seeks to allocate investment opportunities fairly among the Clients, taking into consideration, among other things, any applicable exclusivity clause contained in the relevant Governing Documents, the expected time commitment for an investment, projected return profile and other factors identified in more detail below. Each Client is subject to the investment and co-investment allocation requirements set forth in the applicable Governing Documents.

From time to time, Rialto may identify an investment opportunity that is appropriate for more than one Client. In such a case, Rialto shall allocate the investment opportunity between such Clients in accordance with the investment allocation provisions of the applicable Client Governing Documents. If a Client has exclusivity with respect to a certain category of investments and rejects an investment presented by Rialto in that specific category, Rialto may present such investment to other Clients. To the extent discretion is permitted under the applicable investment allocation provisions of such Governing Documents, Rialto will allocate the opportunity on a basis that it

determines in good faith to be fair and equitable taking into account any factors enumerated in such provisions, as well as other considerations deemed relevant by Rialto. Among other things, the factors taken into consideration with respect to the allocation of investments may include the approximate size of the investment opportunity, the asset class or type of the investment opportunity, the nature of the investment in relation to the activities and focus of the relevant parties, the geographic location of the investment opportunity, the available capital and projected future capacity for investment of the relevant parties, the availability of other suitable investment opportunities for the relevant entities, the timing of the transaction and other factors that may be deemed relevant by Rialto in good faith.

If a perceived or actual conflict of interest occurs as a result of Rialto's advisory discretion, Rialto will consult with the Client, if applicable, the Clients' Advisory Committee, Rialto's General Counsel, and the compliance department as necessary. Furthermore, the Clients' Governing Documents generally provide for the disclosure of potential conflicts for the waiver, approval or disapproval of actions taken with respect to an investment.

Alignment of Interests

Since Rialto and the Funds' General Partners engage in a broad spectrum of real estate related activities, they may have direct or indirect interests in real properties that are in the same markets as, and compete with, certain of the real properties underlying the investments of Rialto's Clients. Consequently, personnel of the Rialto /Affiliates who perform services on behalf of Rialto's Clients could also perform services related to real properties that compete with real properties that underlie investments made by Rialto's Clients.

Rialto Clients, principals or subsidiaries may make an investment in an entity, asset or property in which another Rialto Client holds an investment in a different class of debt or equity securities or obligations. For example, a Fund may acquire an interest in a senior mortgage loan on a particular property with respect to which another Client holds or acquires mezzanine debt, a companion loan or other additional debt or an equity interest or other type of interest. As a result, the economic interests and incentives of such Clients will not be aligned and could pose potential conflicts should an event arise that requires Rialto to take an action that will impact the Clients in different ways.

Additionally, a Rialto Client may acquire mezzanine debt, a companion loan or other debt, or an equity interest or other interest in a particular property on which another Rialto Client or another affiliate of the General Partner or Rialto ("Other Client/Affiliate") has acquired an interest in a senior mortgage loan on that same property and with respect to which an affiliate of the General Partner or Rialto has been appointed special servicer. For example, it is possible that a Client may acquire mezzanine debt, a companion loan or other debt, or an equity interest or other interest in a particular property on which the related senior mortgage loan has been included in a CMBS pool and another Client/Affiliate may hold an investment in the same CMBS pool and, in connection with such investment, an affiliate of the General Partner or the Adviser is appointed as the special servicer for such pool.

Agreements that govern the servicing of CMBS pools and other pools of mortgage loans ("Pooling and Servicing Agreements") typically require the special servicer to service and administer loans in such pools in the best interest of all classes of certificate holders and without regard to any other

relationship or interest that the special servicer or any of its affiliates may have with respect to the related properties or borrowers (such as an interest of a Rialto Client as a lender on other debt). In these or similar circumstances, the affiliate of the General Partner or Rialto that is acting as special servicer would be required to put the interests of investors in the pool of mortgage loans ahead of the interests of the Fund and its limited partners or other Clients and investors, and the special servicer may be required to take certain actions that would be adverse to the interests of the Fund and its limited partners or Clients and investors. Any such conflicts of interest would need to be resolved in accordance with the applicable mechanisms in the relevant Pooling and Servicing Agreement, such as those pertaining to the resignation of the special servicer. Pooling and Servicing Agreements entered into starting with the third quarter of 2015 require the special servicer to recuse itself by resigning as special servicer with respect to the loan in connection with which the conflict arose.

Subject to the provisions set forth in the Governing Documents, Rialto and the Funds' General Partners will endeavor to manage any conflict of interest between or among Clients in their discretion, consistent with Rialto's fiduciary obligations. Certain additional matters involving possible conflicts of interest will also be raised with the relevant Funds' LPAC.

Ancillary Benefits - CMBS Transactions

Certain Rialto Clients, including the Rialto CMBS Funds, Rialto Real Estate Fund II, and Rialto Real Estate Fund III – Debt, invest in CMBS that contain mortgage loans originated by RMF. Because Rialto's affiliation with RMF results in investments that constitute "principal transactions" under Section 206(3) of the Advisers Act, Rialto secures the informed consent of the respective Client in accordance with the anti-fraud provision of the Advisers Act, with such Client's Governing Documents and with Rialto's internal compliance policies and procedures.

Rialto's affiliates also perform other services and/or serve in other roles with respect to CMBS and receive ancillary benefits thereto. For example, investors in the B-piece of a CMBS typically maintain the right to appoint and remove the special servicer for relevant loan pools within the CMBS. The Rialto Clients are investors in B-pieces related to CMBS, and as such, have appointed Rialto Advisors as the special servicer of the relevant CMBS pools so acquired. Rialto Advisors is an affiliate of Rialto, the Funds, and their General Partners. Rialto Advisors is remunerated for these services. The limited partners in the Funds have the right to require the Fund to terminate the special servicer if such special servicer is the General Partner or one of its affiliates and to designate a different special servicer who is not affiliated with the General Partner.

Having acquired multiple deals from loan contributors and issuing banks, Rialto has developed extensive relationships which provide a source of potential investment opportunities for Clients as well as for Rialto and its affiliates. However, it is further possible that such business opportunities could present conflicts between the interests of Rialto's Clients and that of Rialto and its affiliates.

Other Services Provided by Affiliates

Property Services. As provided for in the Governing Documents, an affiliate of the Funds' General Partner, Rialto may be engaged to perform property, construction or development, management,

leasing and related or similar types of services (collectively, “Property Services”) for Clients, and for which the Clients would otherwise retain third parties.

Title services. In certain cases, and as provided in the Governing Documents, North American Title Company, an affiliate of the Funds’ General Partners, Rialto, may be engaged to provide escrow, title and similar services at its prevailing rates with respect to investments held by the Clients.

Loan servicing. Quantum Servicing Corporation, a wholly owned subsidiary of Rialto Servicing, which is an affiliate of the General Partner and the Adviser, has been engaged to provide loan servicing, asset management, and similar services at its prevailing rates.

Third Party Tasks. Governing Documents provide that Rialto, and their respective affiliates, will perform asset level field due diligence, loan file due diligence, the production of property level business plans and valuations, loan and real estate owned asset management services, asset level accounting, legal, and tax services, and other similar services that outside professionals or outside consultants otherwise would perform for the Client. As discussed in Item 5, third party task fees vary by Client and are more fully described in each Client’s Governing Documents.

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

Code of Ethics

Pursuant to Rule 204A-1 of the Advisers Act, Rialto has adopted a written Code of Ethics (the “Code”) which sets forth standards of conduct that are expected of Rialto’s employees. The Code requires all Rialto employees to recognize their obligations to act in the best interests of the advisors’ Clients, avoid any situations that may present or appear to present an actual or potential conflict, comply with federal securities laws and promptly report any violations of these laws or provisions of the Code.

Rialto’s Code also reflects provisions addressing conflicts of interests that arise from its employees’ personal trading. Employees must request the CCO’s approval prior to making an investment in an initial public offering or a private limited offering. Employees are also required to periodically submit reports of their personal securities transactions and holdings, a requirement that extends to the employee’s immediate family members who live in the same household.

For more information about Rialto’s Code, Clients or prospective Clients may request a copy by contacting the CCO at (305) 485-2077.

In some instances, principals and employees of Rialto, as well as the General Partners of the Funds, their affiliates, and related persons invest in the Funds. Although they bear their proportionate share of the relevant Fund’s expenses, such Rialto employees, affiliates, or related persons are generally not subject to management fees or carried interest.

As set forth in the Governing Documents, co-invest opportunities may be presented to certain limited partners or other third parties, including Rialto's affiliates or related persons. Rialto will determine the allocation of investment opportunities in accordance with relevant Client's Governing Documents and its investment allocation policy, considering factors such as: the Client's investment restrictions and objectives, investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk.

As discussed previously herein, since Rialto and the Funds' General Partners engage in a broad spectrum of real estate related activities, they may have direct or indirect interests in real properties that are in the same markets as, and compete with, certain of the real properties underlying the investments of Rialto's Clients. Please see Item 10 for additional description.

Participation or Interest in Client Transactions

Principal Transactions

When permitted by applicable law and subject to and in accordance with the terms of the Governing Documents of the applicable Fund, Rialto may effect principal transactions where a Fund may have the opportunity to purchase investments from or sell investments to Rialto or its affiliates or any fund or account deemed to be controlled by Rialto or its affiliates. There may be potential conflicts of interest or regulatory issues relating to these transactions which could affect Rialto's decision to engage in these transactions for the Funds. In connection with a principal transaction, Rialto and its affiliates may have a potentially conflicting division of loyalties and responsibilities regarding a Fund and the Rialto parties. Rialto has developed policies and procedures in relation to such transactions and to address such conflicts. Under these policies and procedures, Rialto discloses the material terms of the transaction (including pricing information) and the conflict to its Client and obtains consent (either directly from the Client's investors or indirectly from the LPAC or an agent on behalf of such investors).

Item 12: Brokerage Practices

To the limited extent that Rialto transacts in public securities or other non-private equity investments (e.g., currency hedging) that require the use of a financial intermediary such as a broker-dealer, Rialto will select an intermediary based on its ability to provide best execution for its Clients. Rialto is generally authorized to make the following determinations, subject to each Client's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of their investors: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions.

Item 13: Review of Accounts

All investments are reviewed and approved by Rialto's CEO and President and, where applicable, a Client specific investment committee. The investment committees include Rialto's CEO,

President, managing directors and other senior investment professionals. The composition of any investment committee may change from time to time. Investment professionals responsible for identifying and conducting due diligence on each investment present the investment to the applicable investment committee, which will make the final decision with respect to the investment opportunity.

Following the acquisition of an investment, such investment is monitored on an ongoing basis by designated portfolio management professionals. The portfolio management group meets periodically and reviews Clients' portfolios. On a quarterly basis, Rialto's valuation committee meets to perform reviews of assets held in Clients' portfolio.

The nature and frequency of regular reports to Clients and/or Fund investors depends on the terms of the Governing Documents of each respective Client or Fund investor. Typically, Fund investors are provided with written quarterly unaudited financial reports and annual audited financial statements. Rialto also holds annual meetings with limited partners of select Funds.

Item 14: Client Referrals and Other Compensation

Rialto enters into written agreements with placement agents/finders for the referral of Fund investors. These agreements generally provide for compensation in the form of a fee based on the amount of the Fund investor's commitment.

Any referral arrangements for clients will be made in accordance with Rule 206(4)-3 of the Advisers Act, as applicable.

Item 15: Custody

In connection with its investment management and advisory services, Rialto is deemed to have custody of its Clients' assets. Rule 206(4)-2 under the Advisers Act (the "Custody Rule") defines custody as holding client securities or assets, or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client's accounts, or ownership of or access to client funds or securities (such as through fee deductions). While Client assets are held in custody of unaffiliated broker/dealers or banks (except as otherwise permitted for certain uncertificated investments), Rialto is deemed to have custody as defined under the Custody Rule. Specifically, Rialto's affiliate processes payments on loans that underlie investments held by Clients, and therefore has direct access to these assets. Rialto also has the authority to direct the movement of funds out of accounts through which these payments are processed. Furthermore, the General Partners of the Funds are Rialto affiliates and have full discretion over the Funds' assets. Limited partners will not receive statements from custodians. Instead, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (a "Qualified Auditor"), and the

audited financial statements are distributed to each limited partner. In addition, certain separately managed accounts are subject to a surprise audit by a Qualified Auditor.

Item 16: Investment Discretion

Rialto has discretionary authority with respect to most Clients to determine the securities and amounts to be bought or sold on their behalf without obtaining specific consent from its Clients. Rialto exercises its investment discretion pursuant to Investment Management Agreements it executes with Clients and/or, as applicable, the terms and conditions of Governing Fund Documents, and subject to the direction and control of the Funds' General Partners.

Item 17: Voting Client Securities

Rialto's Clients typically do not invest in public securities for which proxies are issued. However, in accordance with its fiduciary duty to Clients and Rule 206(4)-6 of the Advisers Act, Rialto has adopted and implemented written policies and procedures governing the voting of Client securities to address the rare occasion on which this may occur. Specifically, Rialto has determined that it will exercise its duty to vote proxies in the Clients' best interest, taking into consideration all relevant factors, including without limitation, acting in a manner that Rialto believes will (i) maximize the economic benefits to the relevant Client, and (ii) promote sound corporate governance by the issuer. Rialto will seek to avoid material conflicts of interest between its own interests on the one hand, and the interests of its Clients on the other.

Rialto will maintain its proxy voting policies and procedures, as well as a record of how it has voted, and these are available for review upon written request. Clients and investors may obtain this information by contacting the CCO by telephone at (305) 485-2077.

Item 18: Financial Information

A balance sheet is not required to be provided as Rialto (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to Clients, or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.