

CION Management, LLC

Form ADV, Part 2A

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This brochure ("Brochure") provides information about the qualifications and business practices of CION Management, LLC ("CION Management"). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (the "CCO"), Stephen Roman, at (212) 418-4700.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

Additional information about CION Management also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This is CION Management's initial Part 2A on Form ADV.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **an offer or agreement to provide advisory services to any person;**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in CION Investment Partners I, L.P. (the “Fund”); or**
- **a complete discussion of the features, risks or conflicts associated with any advisory relationship or the Fund.**

As required by the US Investment Advisers Act of 1940, as amended (“Advisers Act”), CION Management provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in the Fund, together with the Fund’s offering documents, organizational documents, management contracts or other related documents (the “Governing Documents”), prior to, or in connection with, such person’s investment in the Fund. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of CION Management, persons who receive this Brochure (whether or not from CION Management) should be aware that it is designed solely to provide information about CION Management as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant Governing Documents. More complete information about the Fund is included in relevant Governing Documents, certain of which may be provided to current and eligible prospective investors only by the Fund or by another authorized party.

In no event should this Brochure be relied upon in determining whether to invest in the Fund or to engage CION Management as an investment adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control.

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ITEM 4: ADVISORY BUSINESS

About CION Management

CION Management is a Delaware limited liability company and was formed on June 4, 2018.

As of the date of this Brochure, CION Management had not begun managing client assets. As a result, as of the date of this Brochure, CION Management had no regulatory assets under management. Regulatory assets under management will be calculated and presented in this Brochure according to the requirements of the Advisers Act and may differ from the calculation and presentation of assets for purposes of other regulatory filings made by CION Management or the Fund. CION Management's principal owners are Michael A. Reisner and Mark Gatto, who are also Co-Chief Executive Officers of the firm.

About the Fund

CION Management's primary business objective is to provide asset management and other services to the Fund. The Fund is a limited partnership organized under the Revised Uniform Limited Partnership Act of the State of Delaware on June 5, 2018. The Fund is a privately-offered pooled alternative investment fund investing primarily in first lien senior secured loans, including unitranche loans, second lien senior secured loans and mezzanine debt, which in some cases includes an equity component, and, to a lesser extent, collateralized securities, structured products and other similar securities, of U.S. and European middle-market companies.

CION Management also may serve as manager to, or provide related services for, other private investment funds, business development companies, closed-end or open-end registered investment companies, collective investment vehicles and/or separate accounts (together with the Fund, the "Funds") in the future.

Strategic Relationships of CION Management and the Fund

CION Management or its affiliates expect to receive certain fees and/or distributions of operating cash flow in connection with strategic relationships, including those described below. The fees and/or distributions of operating cash flow received as a result of the strategic relationships are in addition to the advisory fees paid directly to CION Management from the Fund.

A Note on the Fund

Investors and other recipients of this Brochure should be aware that while this Brochure includes information about the Fund, as necessary or appropriate, the Brochure should not be considered to represent a complete discussion of the features, risks or conflicts associated with the Fund. More complete information about the Fund is included in the Fund's Governing Documents, which may be provided to current and eligible prospective investors only by CION Management or another authorized party. In no event should this Brochure be considered to be an offer of interests in the Fund or relied upon in any determination to invest in the Fund. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed to provide information about CION Management for the purpose of compliance with CION Management's obligations under the Advisers Act. Accordingly, the Brochure responds to relevant regulatory requirements under the Advisers Act, which

may differ from the information provided in the Fund's Governing Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Document, the relevant Governing Document shall govern.

CION Management's Advisory Services

Subject to limited exceptions, CION Management manages the day-to-day investment affairs of the Fund, including identifying, originating, acquiring and managing investments on its behalf, and earns asset management and other fees for these services, which can vary based on the amount of assets under management, investment activities and investment performance. The services CION Management provides to the Fund also include monitoring and reporting to the Fund on the performance of its investments and determining when and on what terms to finance, refinance or sell investments and executing such transactions.

As a general matter, the Fund is managed in accordance with the investment objectives, strategies and guidelines set forth in its Governing Documents and is not tailored to the individual needs of any particular investor.

The current focus of CION Management's investment advisory business is on first lien senior secured loans, including unitranche loans, second lien senior secured loans and mezzanine debt, which in some cases includes an equity component, and, to a lesser extent, collateralized securities, structured products and other similar securities, of U.S. and European middle-market companies, but in the future may expand to other platforms. These investments are typically made to companies with annual EBITDA between \$10 million and \$1 billion, with experienced management teams, significant free cash flow, strong competitive positions and potential for growth. As used herein, EBITDA represents net income before net interest expense, income tax expense, depreciation and amortization.

CION Management believes that the market for lending to U.S. and European middle-market companies presents a compelling investment opportunity. CION Management's management team has witnessed significant demand for debt capital among middle-market companies that have the characteristics it targets. CION Management believes that this demand, coupled with the fragmented availability of funding within the Fund's target markets, will enable it to achieve favorable transaction pricing.

CION Management seeks risk-adjusted returns by creating and managing a portfolio with balanced exposures to multiple industry sectors and geographic regions, systematically allocating capital across multiple segments of the global fixed-income markets, including U.S. and non-U.S. credit instruments.

CION Management seeks to tailor its investment focus as market conditions evolve. Depending on market conditions and other factors, CION Management exercises discretion in increasing or decreasing its clients' exposure to less senior portions of the capital structure, where returns tend to be stronger in a more stable or growing economy, but less secure in weak economic environments. CION Management relies on its investment professionals' experience to structure investments, potentially using all levels of the capital structure, which it believes will perform in a broad range of economic environments.

CION Management's investment strategy generally focuses on debt and equity instruments with the following characteristics, although not all investments meet all of the below criteria and CION Management takes additional factors into consideration:

- *First Lien Senior Secured Loans.* First lien senior secured loans are situated at the top of the capital structure. Because these loans have priority in payment, they carry the least risk among all investments in a company. Generally, the first lien senior secured loans are expected to have maturities of three to seven years, offer some form of amortization, and have first priority security interests in the assets of the borrower. CION Management expects that the first lien senior secured loans typically will have variable interest rates ranging between 4.0% and 9.0% over a standard benchmark, such as the prime rate or the London InterBank Offered Rate, or LIBOR. In some cases, a portion of the total interest may accrue or be paid in kind.
- *Unitranche Loans.* Unitranche loans provide all of the debt needed to finance a leveraged buyout or other corporate transaction, both senior and subordinated, but generally in a first lien position, while the borrower generally pays a blended, uniform interest rate rather than different rates for different tranches. Unitranche loans generally require payments of both principal and interest throughout the life of the loan. Unitranche loans generally have contractual maturities of five to six years and interest is generally paid quarterly. Generally, CION Management expects these securities to carry a blended yield that is between first lien secured and subordinated debt interest rates. Unitranche loans provide a number of advantages for borrowers, including the following: simplified documentation, greater certainty of execution and reduced decision-making complexity throughout the life of the loan. In addition, the Fund may receive additional returns from any warrants it may receive in connection with these investments. In some cases, a portion of the total interest may accrue or be paid in kind.
- *Second Lien Senior Secured Loans.* Second lien senior secured loans are immediately junior to first lien senior secured loans and have substantially the same maturities, collateral and covenant structures as first lien senior secured loans. Second lien senior secured loans, however, are granted a second priority security interest in the assets of the borrower. In return for this junior ranking, second lien senior secured loans generally offer higher returns compared to first lien senior secured debt. These higher returns come in the form of higher interest and in some cases the potential for equity participation through warrants, though to a lesser extent than with mezzanine loans. Generally, CION Management expects these loans to carry a fixed rate of 8.0% to 13.0% or a floating current yield of 7.0% to 12.0% over the prime rate or LIBOR. In addition, the Fund may receive additional returns from any warrants it may receive in connection with these investments. In some cases, a portion of the total interest may accrue or be paid in kind.
- *Unsecured Debt.* In addition to first lien senior secured loans and second lien senior secured loans, CION Management also may invest in unsecured debt, including corporate bonds and subordinated debt. Unsecured debt investments usually rank junior in priority of payment to first lien senior secured loans and second lien senior secured loans, but are situated above preferred equity and common stock in the capital structure. In return for their junior status compared to first lien senior secured loans and second lien senior secured loans, unsecured debt investments typically offer higher returns through both higher interest rates and possible equity ownership in the form of

warrants, enabling the lender to participate in the capital appreciation of the borrower. These warrants typically require only a nominal cost to exercise. CION Management intends to generally target unsecured debt with interest-only payments throughout the life of the security, with the principal due at maturity. Typically, unsecured debt investments have maturities of five to ten years. Generally, CION Management expects these securities to carry a fixed rate of 10% to 15%. In addition, the Fund may receive additional returns from any warrants it may receive in connection with these investments. In some cases, a portion of the total interest may accrue or be paid in kind.

- *Collateralized Securities, Structured Products and Other Similar Securities.* The Fund may also invest in collateralized securities, structured products and other similar securities, which may include CDOs, CBOs, CLOs, structured notes and credit-linked notes. These investments may be structured as trusts or other types of pooled investment vehicles. They may also involve the deposit with or purchase by an entity of the underlying investments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying investments or referencing an indicator related to such investments. CDOs, CBOs and CLOs are types of asset-backed securities issued by special purpose vehicles created to reapportion the risk and return characteristics of a pool of assets. The underlying pool for a CLO, for example, may include domestic and foreign senior loans, senior unsecured loans and subordinate corporate loans.
- *Equity and Equity-Related Securities.* While CION Management intends to maintain its focus on investments in debt securities, from time to time, when CION Management sees the potential for significant gains, or in connection with securing particularly favorable terms in a debt investment, it may make non-control investments in preferred or common equity, typically in conjunction with a private equity sponsor CION Management believes to be of high quality. Alternatively, the Fund may hold equity-related securities consisting primarily of warrants or other equity interests generally obtained in connection with its unsecured debt investments. In the future, the Fund may achieve liquidity through a merger or acquisition of a portfolio company, a public offering of a portfolio company's stock or by exercising its right, if any, to require a portfolio company to repurchase the equity-related securities it holds. With respect to any preferred or common equity investments, CION Management expects to target an annual investment return of at least 20%.

See also Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss" for further discussion of risks associated with these investments.

Assets Under Management:

Except as provided herein, CION Management will manage each client account on a discretionary basis. As of the date of this Brochure, CION Management had not begun managing client assets. As a result, as of the date of this Brochure, CION Management managed \$0 on a discretionary basis and \$0 on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

The following discussion describes generally CION Management's anticipated compensation and expense allocation arrangements. However, compensation and expense allocations may be negotiable in certain circumstances, and arrangements with any particular client or investor often will vary on a case-by-case basis depending on the nature of the client or fund, negotiations or otherwise in CION Management's discretion. This is particularly true for separately managed accounts, which allow for more customized fee and expense arrangements than the basic arrangements described below. All investors and clients should review the relevant client documents for a more complete discussion of fees and compensation arrangements applicable to a fund or account, including, without limitation, information concerning calculation and payment methodology.

Compensation Arrangements

Management Fees

The fee for investment advisory and management services that CION Management provides to clients includes a base management fee, which is directly or indirectly borne by investors. The management fee varies based on the client, but it is generally calculated as a percentage of gross assets (including leveraged and unrealized gains) of the respective client. Therefore, CION Management benefits when client accounts incur debt or use leverage, and CION Management generally controls the amount of debt or leverage used by such client account with an incentive to maximize leverage, which increases risk. Because the management fee is based on gross asset value, CION Management has an incentive to assign valuations that may be higher than would be realized upon sale. Certain client accounts exclude uninvested cash from the management fee calculation. In these cases, CION Management has an incentive to make investments more quickly than it would if it was charging a management fee calculated based on the full value of the account, including uninvested cash, or on capital commitments. Not all clients pay the same level of fees. As such, CION Management has a financial incentive to allocate investments to clients that pay higher fee rates. To partially mitigate this, CION Management's allocation policy prohibits it from favoring any particular account because of the fee structure or interests of CION Management, its affiliates, officers or employees, in such advisory accounts.

Management fees are generally payable quarterly in arrears. However, with respect to certain client accounts, management fees may be payable quarterly in advance with a true-up at each quarter end. Management fees are generally deducted from client account assets and paid, or otherwise allocated, to CION Management in accordance with the terms of the relevant client documents. Additionally, clients may elect to be billed separately for fees or to authorize their qualified custodian to pay the management fees (and other fees or expense reimbursements) directly from such client accounts. See Section 15 "Custody", regarding the steps CION Management takes for accounts over which it may be deemed to have custody. Clients generally have the right to terminate the advisory or investment management agreements in accordance with the terms of such agreements, but individual investors in certain clients, such as private investment funds, generally have no individual termination rights nor are such funds typically liquid or redeemable. Upon termination of a client account, any prepaid, unearned fees are refunded, and any earned, unpaid fees become due and payable.

CION Management has discretion to waive fees from time to time, and such waivers could have a positive, but one-time, effect on returns. We may also charge lower fees on certain assets, such as broadly syndicated loan-related assets, than on other assets, such as middle market loan-related assets. Because not all assets fit precisely into one of the categories, some manager discretion is used in categorizing such assets. CION Management has an incentive to invest in assets that, and categorize assets in categories that, result in higher fees.

Performance Payments

Some clients will pay performance-based compensation, including performance payments, incentive payments, incentive allocations or carried interest. Fees, however named and in whatever form, that are based on investment performance are referred to as “performance payments”. We will receive or are entitled to receive performance payments with respect to many of our clients. For additional information about performance payments, please refer to Item 6, “Performance-Based Fees and Side-By-Side Management”.

Timing and Deduction of Fees

Fees are generally calculated and payable quarterly in arrears. For the Fund, such fees are deducted from the Fund’s assets. More complete information about fees is contained in the Fund’s Governing Documents.

Operating Expenses

The Fund will typically reimburse the expenses incurred by CION Management in connection with its provision of administrative services to the Fund, including the compensation payable by CION Management to the Fund’s chief financial officer and chief compliance officer, and their respective staffs, and other administrative personnel of CION Management. Examples of reimbursable expenses include, but are not limited to: (1) the actual costs of goods and materials used for or by the Fund and obtained from unaffiliated parties; (2) expenses related to the purchase, operation, financing and disposition of the Fund’s investments that are incurred prior to the time that it has funds available to pay such expenses directly; and (3) administrative services necessary to the prudent operations of the Fund’s business affairs, such as accounting, professional, secretarial and investor relations staff, and capital items including computers and related equipment, not in excess of the lesser of CION Management’s or its affiliate’s costs, or the cost that the Fund would be required to pay to independent parties for comparable services.

The Fund does not reimburse for personnel costs in connection with services for which CION Management receives a separate fee. In addition, the Fund does not reimburse CION Management for (i) rent or depreciation, capital equipment or other costs of its own administrative items, or (ii) salaries, fringe benefits, travel expenses and other administrative items incurred or allocated to any person with a controlling interest in CION Management.

Please see Item 12 for a discussion of CION Management’s allocation policy and a discussion of factors that may affect the costs of executing portfolio transactions.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in Item 5 above, some client fees will include performance payments, typically based upon “pre-incentive fee net investment income” for the immediately preceding quarter, subject to a hurdle rate. Not all fee arrangements will include performance payments and some, like management fees, may be negotiated with each client on an individualized basis.

Performance payments typically will consist of two parts:

- The first part, the subordinated incentive fee on income, is calculated and payable quarterly in arrears based upon the Fund’s “pre-incentive fee net investment income” for the immediately preceding quarter and is subject to a hurdle rate.
- The second part of the incentive fee, the incentive fee on capital gains, is earned on liquidated investments from the portfolio and is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory agreement).

Performance payments create a conflict of interest for CION Management. CION Management would have an incentive to: (i) value assets in a manner that increases CION Management’s remuneration and (ii) make investments that are riskier or more speculative than would be the case in the absence of performance payments. In addition, if some CION Funds or clients pay performance payments while others do not, or if different CION Funds or clients pay different levels of asset-or performance-based fees or allocations, a conflict of interest arises as CION Management has an incentive to favor those CION Funds or clients for which there is a higher rate and/or a lower “hurdle” rate or otherwise have greater pecuniary interests because they will benefit more from the improved performance of such Funds or clients. Please see ***“Item 10: Other Financial Industry Activities and Affiliations”*** below for more information on CION Funds.

CION Management’s investment professionals seek to treat all clients fairly and equitably over time and will act in a manner that they believe to be in the best interests of each client. To that end, CION Management has established a variety of policies and other controls regarding allocation of investment opportunities, including those seeking to manage the conflicts of interest identified above. Please see ***“Item 12: Brokerage Practices”*** below for more information about these policies and controls.

ITEM 7: TYPES OF CLIENTS

As a general matter, the Fund is managed in accordance with its investment objectives, strategies and guidelines and is not tailored to the individual needs of any particular investor and an investment in the Fund does not, in and of itself, create an advisory relationship between the investor and CION Management. Therefore, investors must consider whether the Fund meets their investment objectives and risk tolerance prior to investing in the Fund.

CION Management may seek to provide investment advisory services to U.S. institutional investors (such as private or public pension plans, endowments, foundations and trusts) through separate account arrangements and to other private investment funds or joint ventures. CION Management is expected to generally provide investment management services to separate account clients in accordance with the investment guidelines and restrictions that are developed in consultation with the client or in accordance with the mandate selected by the client.

The Governing Documents for the Fund may impose qualification requirements and/or set minimum amounts for investment by prospective investors in such company. In certain circumstances these amounts and/or qualification requirements may be waived by CION Management in its sole discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

When identifying prospective portfolio companies for the Fund to invest in, CION Management focuses primarily on certain attributes, including the following:

- *Leading, defensible market positions that present attractive growth opportunities.* CION Management seeks to invest in companies that it believes possess advantages in scale, scope, customer loyalty, product pricing or product quality versus their competitors, minimizing sales risk and protecting profitability.
- *Companies with leading market positions and strong free cash flows.* CION Management seeks to invest in the debt of companies that have a leading market position or other significant competitive advantages and significant free cash flow. CION Management believes that such companies are able to maintain consistent cash flow to service and repay the Fund's loans and maintain growth or market share.
- *Investing primarily in middle-market, private companies.* CION Management seeks to invest primarily in middle-market, private companies that generally possess annual EBITDA of between \$10 million and \$1 billion at the time of investment. CION Management may but currently does not intend to invest in start-up companies, turnaround situations or companies with speculative business plans.
- *Proven management teams with meaningful equity ownership.* CION Management focuses on investments in which the target company has an experienced management team with an established track record of success. CION Management typically requires the portfolio companies to have in place proper incentives to align management's goals with the Fund's. Generally, CION Management focuses on companies in which the management teams have significant equity interests.
- *Private equity sponsorship.* Often CION Management seeks to participate in transactions sponsored by what it believes to be high-quality private equity firms. CION Management's management team believes that a private equity sponsor's willingness to invest significant sums of equity capital into a company provides an additional level of due diligence investigation and is an implicit endorsement of the quality of the investment. Further, by co-investing with quality private equity firms that commit significant sums of equity capital with junior priority to the Fund's debt investments, the Fund may benefit from having due diligence on the Fund's investments performed by both parties. Further, strong private equity sponsors with significant investments at risk have the ability and a strong incentive to contribute additional capital in difficult economic times should operational or financial issues arise.
- *Broad portfolio.* CION Management seeks to create a portfolio of companies engaged in a variety of industries and located in a variety of geographic locations, thereby potentially reducing the risk of a downturn in any one industry or geographic location having a disproportionate impact on the value of the Fund's portfolio.
- *Viable exit strategy.* CION Management focuses its investment activity primarily in companies whose business models and growth prospects offer attractive exit possibilities, including repayment of the Fund's investments, with the potential for capital gain on any equity interest the Fund holds through an initial public offering of common stock, a merger, a sale or other recapitalization.

Moreover, the Fund may acquire investments in the secondary loan market, and, in analyzing such investments, CION Management will employ the same analytical process that it uses for the Fund's primary investments.

Investment Strategies

CION Management seeks to meet the Fund's investment objective by utilizing its experienced management team in sourcing, evaluating and structuring transactions. CION Management intends to focus primarily on first lien senior secured loans, including unitranche loans, second lien senior secured loans and mezzanine debt, which in some cases includes an equity component, and, to a lesser extent, collateralized securities, structured products and other similar securities, of U.S. and European middle-market companies. CION Management uses the term "mezzanine" to refer to a loan that ranks senior only to a borrower's equity securities and ranks junior in right of payment to all of such borrower's other indebtedness. CION Management defines middle-market companies as companies that generally possess annual EBITDA of between \$10 million and \$1 billion, with experienced management teams, significant free cash flow, strong competitive positions and potential for growth.

In addition, CION Management may from time to time invest in other types of investments, including collateralized securities, structured products and other similar securities and the securities of larger public companies and foreign securities.

To enhance the Fund's opportunity for gain, CION Management intends to employ leverage as market conditions permit and at its discretion. Investing in securities involves risk of loss that investors should be prepared to bear.

Risk of Loss

All investments involve a degree of risk including, without limitation, loss of investment and illiquidity that clients should be prepared to bear. Clients should consider the following risk factors before purchasing an interest in the Fund:

Risks Related to Investments in Private Companies. Investments in private companies pose significantly greater risks as compared to investments in public companies. First, private companies have reduced access to the capital markets, resulting in diminished capital resources and the ability to withstand financial distress. Second, the investments themselves are often illiquid. As such, the Fund may have difficulty exiting an investment promptly or at a desired price prior to maturity or outside of a normal amortization schedule. In addition, little public information generally exists about private companies. Finally, these companies often do not have third-party debt ratings or audited financial statements. The Fund must therefore rely on the ability of CION Management to obtain adequate information through its due diligence efforts to evaluate the creditworthiness of, and risks involved with, investing in these companies. These companies and their financial information will also generally not be subject to the Sarbanes-Oxley Act and other rules and regulations that govern public companies that are designed to protect investors.

Price declines in the medium- and large-sized U.S. corporate debt market may adversely affect the fair value of the Fund's portfolio, reducing its net asset value through increased net unrealized depreciation. Conditions in the medium- and large-sized U.S. corporate debt market may deteriorate, as seen during the financial crisis, which may cause pricing levels to similarly decline or be volatile. During the financial crisis, many institutions were forced to raise cash by selling their interests in performing assets in order to satisfy margin requirements or the equivalent of margin requirements imposed by their lenders and/or, in the case of hedge funds and other investment vehicles, to satisfy widespread redemption requests. This resulted in a forced deleveraging cycle of price declines, compulsory sales, and further price declines, with falling underlying credit values, and other constraints resulting from the credit crisis generating further selling pressure. If similar events occurred in the medium- and large-sized U.S. corporate debt market, the Fund's net asset value could decline through an increase in unrealized depreciation and

incurrence of realized losses in connection with the sale of its investments, which could have a material adverse impact on the Fund's business, financial condition and results of operations.

The Fund's investments in prospective portfolio companies may be risky, and it could lose all or part of its investment. The Fund intends to invest primarily in the following types of loans of private U.S. and European middle-market companies:

- *First Lien Senior Secured Loans and Second Lien Senior Secured Loans.* When the Fund invests in senior secured term debt, including first lien senior secured loans and second lien senior secured loans, it will generally take a security interest in the available assets of these portfolio companies, including the equity interests of their subsidiaries. The Fund expects this security interest to help mitigate the risk that it will not be repaid. However, there is a risk that the collateral securing the loans may decrease in value over time or lose its entire value, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Also, in some circumstances, the Fund's security interest could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Fund will receive principal and interest payments according to the loan's terms, or at all, or that it will be able to collect on the loan should it be forced to enforce its remedies.
- *Unitranche Loans.* The Fund also expects to invest in unitranche loans, which are loans that combine both senior and subordinated financing, generally in a first-lien position. Unitranche loans provide all of the debt needed to finance a leveraged buyout or other corporate transaction, both senior and subordinated, but generally in a first lien position, while the borrower generally pays a blended, uniform interest rate rather than different rates for different tranches. Unitranche debt generally requires payments of both principal and interest throughout the life of the loan. Unitranche debt generally has contractual maturities of five to six years and interest is typically paid quarterly. Generally, the Fund expects these securities to carry a blended yield that is between senior secured and subordinated debt interest rates. Unitranche loans provide a number of advantages for borrowers, including the following: simplified documentation, greater certainty of execution and reduced decision-making complexity throughout the life of the loan. In addition, the Fund may receive additional returns from any warrants it may receive in connection with these investments. In some cases, a portion of the total interest may accrue or be paid in kind. Because unitranche loans combine characteristics of senior and subordinated financing, unitranche loans have risks similar to the risks associated with senior secured debt, including first lien senior secured loans and second lien senior secured loans, and subordinated debt in varying degrees according to the combination of loan characteristics of the unitranche loan.
- *Unsecured Debt.* The Fund expects to invest in unsecured debt, including corporate bonds and subordinated, or mezzanine debt, which generally rank junior in priority of payment to senior debt. This may result in a heightened level of risk and volatility or a loss of principal, which could lead to the loss of the entire investment. These investments may involve additional risks that could adversely affect the Fund's investment returns. To the extent interest payments associated with such debt are deferred, such debt may be subject to greater fluctuations in valuations, and such debt could subject the Fund and its investors to non-cash income, including PIK interest and original issue discount. Loans structured with these features may represent a higher level of credit risk than loans that require interest to be paid in cash at regular intervals during the term of the loan. Since the Fund generally will not receive any principal repayments prior to the maturity of some of its unsecured debt investments, such investments will have greater risk than amortizing loans.
- *Collateralized Securities, Structured Products and Other Similar Securities.* The Fund may also invest in collateralized securities, structured products and other similar securities, which may include CDOs, CBOs, CLOs,

structured notes and credit-linked notes. Investments in such securities and products involve risks, including, without limitation, credit risk and market risk. Certain of these securities and products may be thinly traded or have a limited trading market. Where the Fund's investments in collateralized securities, structured products and other similar securities are based upon the movement of one or more factors, including currency exchange rates, interest rates, reference bonds (or loans) and stock indices, depending on the factor used and the use of multipliers or deflators, changes in interest rates and movement of any factor may cause significant price fluctuations. Additionally, changes in the reference instrument or security may cause the interest rate on such a security or product to be reduced to zero, and any further changes in the reference instrument may then reduce the principal amount payable on maturity of the security or product. Collateralized securities, structured products and other similar securities may be less liquid than other types of securities and more volatile than the reference instrument or security underlying the product.

- *Equity Investments.* The Fund expects to make selected equity investments. In addition, when the Fund invests in senior secured debt, including first lien senior secured loans and second lien senior secured loans, or unsecured debt, it may acquire warrants to purchase equity securities. The Fund's goal is ultimately to dispose of these equity interests and realize gains upon its disposition of such interests. However, the equity interests the Fund receives may not appreciate in value and, in fact, may decline in value. Accordingly, the Fund may not be able to realize gains from its equity interests, and any gains that it does realize on the disposition of any equity interests may not be sufficient to offset any other losses it experiences.
- *Non-U.S. Securities.* The Fund may invest in non-U.S. securities, including, without limitation, those of European middle-market companies, which may include securities denominated in U.S. dollars or in non-U.S. currencies. Because evidence of ownership of such securities usually are held outside the United States, the Fund would be subject to additional risks if it invested in non-U.S. securities, which include possible adverse political and economic developments, seizure or nationalization of foreign deposits and adoption of governmental restrictions which might adversely affect or restrict the payment of principal and interest on the non-U.S. securities to investors located outside the country of the issuer, whether from currency blockage or otherwise. Since non-U.S. securities may be purchased with and payable in foreign currencies, the value of these assets as measured in U.S. dollars may be affected unfavorably by changes in current rates and exchange control regulations.
- *Below-Investment Grade Debt Securities.* In addition, the Fund may invest in debt securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Debt securities rated below investment grade quality are generally regarded as having predominantly speculative characteristics and may carry a greater risk with respect to a borrower's capacity to pay interest and repay principal. They may also be difficult to value and illiquid.

To the extent original issue discount constitutes a portion of the Fund's income, the Fund will be exposed to risks associated with the deferred receipt of cash representing such income. The Fund's investments may include original issue discount instruments. To the extent original issue discount constitutes a portion of the Fund's income, the Fund will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following:

- Original issue discount instruments may have unreliable valuations because the accruals require judgments about collectability.
- Original issue discount instruments may create heightened credit risks because the inducement to trade higher rates for the deferral of cash payments typically represents, to some extent, speculation on the part of the borrower.

- For accounting purposes, cash distributions to investors representing original issue discount income do not come from paid-in capital, although they may be paid from the offering proceeds.
- In the case of PIK “toggle” debt, the PIK election has the simultaneous effects of increasing the assets under management, thus increasing the base management fee, and increasing the investment income, thus increasing the potential for realizing incentive fees.
- Original issue discount creates risk of non-refundable cash payments to the advisor based on non-cash accruals that may never be realized.

The Fund’s portfolio companies may incur debt that ranks equally with, or senior to, its investments in such companies. The Fund intends to invest primarily in first lien senior secured loans, including unitranche loans, second lien senior secured loans and mezzanine debt, which in some cases includes an equity component, and, to a lesser extent, collateralized securities, structured products and other similar securities, of U.S. and European middle-market companies. The Fund’s portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which it invests. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which the Fund is entitled to receive payments with respect to the debt instruments in which it invests. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to the Fund’s investment in that portfolio company would typically be entitled to receive payment in full before the Fund receives any payment or distribution. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to the Fund. In the case of debt ranking equally with debt instruments in which the Fund invests, it would have to share on an equal basis any payments or distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

There may be circumstances where the Fund’s debt investments could be subordinated to claims of other creditors or it could be subject to lender liability claims. If one of the Fund’s portfolio companies were to file for bankruptcy, depending on the facts and circumstances, including the extent to which it actually provided managerial assistance to that portfolio company, a bankruptcy court might recharacterize the Fund’s debt investment and subordinate all or a portion of the Fund’s claim to that of other creditors. The Fund may also be subject to lender liability claims for actions taken by it with respect to a borrower’s business or instances where it exercises control over the borrower.

The Fund generally will not control its portfolio companies. The Fund does not expect to control most of its portfolio companies, even though it may have board representation or board observation rights, and its debt agreements with such portfolio companies may contain certain restrictive covenants. As a result, the Fund is subject to the risk that a portfolio company in which it invests may make business decisions with which it disagrees and the management of such company, as representatives of the holders of the company’s common equity, may take risks or otherwise act in ways that do not serve the Fund’s interests as debt investors. Due to the lack of liquidity for the Fund’s investments in non-traded companies, it may not be able to dispose of its interests in its portfolio companies as readily as it would like or at an appropriate valuation. As a result, a portfolio company may make decisions that could decrease the value of the Fund’s portfolio holdings.

The Fund will be exposed to risks associated with changes in interest rates. The Fund is subject to financial market risks, including changes in interest rates. General interest rate fluctuations may have a substantial negative impact on the Fund’s investments and investment opportunities and, accordingly, have a material adverse effect on its ability to achieve its investment objective and its target rate of return on invested capital. In addition, an increase in interest rates would make it more expensive to use debt for the Fund’s financing needs, if any.

International investments create additional risks. The Fund expects to make investments in portfolio companies that are domiciled outside of the United States including, without limitation, in European middle-market companies. Those investments subject the Fund to many of the same risks as its domestic investments, as well as certain additional risks including the following:

- foreign governmental laws, rules and policies, including those restricting the ownership of assets in the foreign country or the repatriation of profits from the foreign country to the United States;
- foreign currency devaluations that reduce the value of and returns on the Fund's foreign investments;
- adverse changes in the availability, cost and terms of investments due to the varying economic policies of a foreign country in which the Fund invests;
- adverse changes in tax rates, the tax treatment of transaction structures and other changes in operating expenses of a particular foreign country in which the Fund invests;
- the assessment of foreign-country taxes (including withholding taxes, transfer taxes and value added taxes, any or all of which could be significant) on income or gains from the Fund's investments in the foreign country;
- adverse changes in foreign-country laws, including those relating to taxation, bankruptcy and ownership of assets;
- changes that adversely affect the social, political and/or economic stability of a foreign country in which the Fund invests;
- high inflation in the foreign countries in which the Fund invests, which could increase the costs of investing in those countries;
- deflationary periods in the foreign countries in which the Fund invests, which could reduce demand for its assets in those countries and diminish the value of such investments and the related investment returns; and
- legal and logistical barriers in the foreign countries in which the Fund invests that materially and adversely limit its ability to enforce its contractual rights with respect to those investments.

In addition, the Fund may make investments in countries whose governments or economies may prove unstable. Certain of the countries in which the Fund may invest may have political, economic and legal systems that are unpredictable, unreliable or otherwise inadequate with respect to the implementation, interpretation and enforcement of laws protecting asset ownership and economic interests. In some of the countries in which the Fund may invest, there may be a risk of nationalization, expropriation or confiscatory taxation, which may have an adverse effect on the Fund's portfolio companies in those countries and the rates of return the Fund is able to achieve on such investments. The Fund may also lose the total value of any investment which is nationalized, expropriated or confiscated. The financial results and investment opportunities available to the Fund, particularly in developing countries and emerging markets, may be materially and adversely affected by any or all of these political, economic and legal risks.

Second priority liens on collateral securing debt investments that the Fund expects to make to its portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and the Fund. Certain debt investments that the Fund expects to make to portfolio companies may be secured on a second priority basis by the same collateral securing first priority debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that

may be permitted to be incurred by the company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before the Fund. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the debt obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the debt obligations secured by the second priority liens, then the Fund, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the company's remaining assets, if any.

The rights the Fund may have with respect to the collateral securing the debt investments it expects to make to its portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that the Fund enters into with the holders of senior debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; and waivers of past defaults under collateral documents. The Fund may not have the ability to control or direct such actions, even if its rights are adversely affected.

Economic recessions or downturns could impair the Fund's portfolio companies and adversely affect the Fund's operating results. Many of the Fund's portfolio companies may be susceptible to economic recessions or downturns and may be unable to repay the Fund's debt investments during these periods. Therefore, the Fund's non-performing assets are likely to increase, and the value of its portfolio is likely to decrease during these periods. Adverse economic conditions may also decrease the value of any collateral securing the Fund's senior secured debt. A prolonged recession may further decrease the value of such collateral and result in losses of value in the Fund's portfolio and a decrease in its revenues, net income and net asset value. Unfavorable economic conditions also could increase the Fund's funding costs, limit its access to the capital markets or result in a decision by lenders not to extend credit to it on terms it deems acceptable. These events could prevent the Fund from increasing investments and adversely affect its operating results.

A covenant breach or other defaults by the Fund's portfolio companies may adversely affect its operating results. A portfolio company's failure to satisfy financial or operating covenants imposed by the Fund or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that the Fund holds. The Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Investing in middle-market companies involves a number of significant risks, any one of which could have a material adverse effect on the Fund's operating results. Investments in middle-market companies involve the same risks that apply generally to investments in larger, more established companies. However, such investments have more pronounced risks in that middle-market companies:

- may have limited financial resources and may be unable to meet their obligations under their debt securities that the Fund holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Fund realizing on any guarantees it may have obtained in connection with the Fund's investment;

- have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tends to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the Fund's portfolio company and, in turn, on the Fund;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, the Fund's executive officers, directors and members of CION Management may, in the ordinary course of business, be named as defendants in litigation arising from the Fund's investments in the portfolio companies; and
- may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

The Fund may not realize gains from its equity investments. Certain investments that the Fund may make could include warrants or other equity securities. In addition, the Fund may make direct equity investments in portfolio companies. The Fund's goal is ultimately to realize gains upon its disposition of such equity interests. However, the equity interests the Fund receive may not appreciate in value and, in fact, may decline in value. Accordingly, the Fund may not be able to realize gains from its equity interests, and any gains that it does realize on the disposition of any equity interests may not be sufficient to offset any other losses it experiences. The Fund also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow it to sell the underlying equity interests. The Fund intends to seek puts or similar rights to give it the right to sell its equity securities back to the portfolio company issuer. The Fund may be unable to exercise these put rights for the consideration provided in its investment documents if the issuer is in financial distress.

An investment strategy focused primarily on privately-held companies presents certain challenges, including, but not limited to, the lack of available information about these companies. The Fund expects to invest primarily in privately-held companies. Investments in private companies pose significantly greater risks than investments in public companies. First, private companies have reduced access to the capital markets, resulting in diminished capital resources and the ability to withstand financial distress. Second, the depth and breadth of experience of management in private companies tends to be less than that at public companies, which makes such companies more likely to depend on the management talents and efforts of a smaller group of persons and/or persons with less depth and breadth of experience. Therefore, the decisions made by such management teams and/or the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the Fund's investments and, in turn, on the Fund. Third, the investments themselves tend to be less liquid. As such, the Fund may have difficulty exiting an investment promptly or at a desired price prior to maturity or outside of a normal amortization schedule. As a result, the relative lack of liquidity and the potential diminished capital resources of the Fund's target portfolio companies may affect the Fund's investment returns. Fourth, little public information generally exists about private companies. Further, these companies may not have third-party debt ratings or audited financial statements. The Fund must therefore rely on the ability of CION Management to obtain adequate information through due diligence to evaluate the creditworthiness and potential returns from investing in these companies. These companies and their financial information will generally not be subject to the Sarbanes-Oxley Act and other rules that govern public companies. If the Fund is unable to uncover all material information about these companies, it may not make a fully informed investment decision, and it may lose money on its investments.

A lack of liquidity in certain of the Fund's investments may adversely affect the Fund's business. The Fund expects to invest in certain companies whose securities are not publicly traded or actively traded on the secondary market, and whose securities are subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of certain of the Fund's investments may make it difficult for it to sell these investments when desired. In addition, if the Fund is required to liquidate all or a portion of its portfolio quickly, it may realize significantly less than the value at which it had previously recorded these investments. The reduced liquidity of the Fund's investments may make it difficult for it to dispose of them at a favorable price, and, as a result, it may suffer losses.

The Fund may not have the funds or ability to make additional investments in its portfolio companies or to fund its unfunded debt commitments. The Fund may not have the funds or ability to make additional investments in its portfolio companies or to fund its unfunded debt commitments. After the Fund's initial investment in a portfolio company, it may be called upon from time to time to provide additional funds to such company or have the opportunity to increase its investment through the exercise of a warrant to purchase common stock. There is no assurance that the Fund will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on the Fund's part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for the Fund to increase its participation in a successful operation or may reduce the expected return on the investment.

The Fund may acquire various financial instruments for purposes of "hedging" or reducing its risks, which may be costly and ineffective and could reduce its cash available for distribution to its investors. The Fund may seek to hedge against interest rate and currency exchange rate fluctuations and credit risk by using financial instruments such as futures, options, swaps and forward contracts. These financial instruments may be purchased on exchanges or may be individually negotiated and traded in over-the-counter markets. Use of such financial instruments for hedging purposes may present significant risks, including the risk of loss of the amounts invested. Defaults by the other party to a hedging transaction can result in losses in the hedging transaction. Hedging activities also involve the risk of an imperfect correlation between the hedging instrument and the asset being hedged, which could result in losses both on the hedging transaction and on the instrument being hedged. Use of hedging activities may not prevent significant losses and could increase the Fund's losses. Further, hedging transactions may reduce cash available to pay distributions to the Fund's investors.

Prepayments of the Fund's debt investments by its portfolio companies could adversely impact the Fund's results of operations and reduce its return on equity. The Fund is subject to the risk that the investments it makes in its portfolio companies may be repaid prior to maturity. When this occurs, the Fund will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and the Fund could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, the Fund's results of operations could be materially adversely affected if one or more of the Fund's portfolio companies elect to prepay amounts owed to the Fund. Additionally, prepayments, net of prepayment fees, could negatively impact the Fund's return on equity.

Since the Fund intends to borrow money, the potential for loss on amounts invested in the Fund may be magnified and may increase the risk of investing in the Fund. Borrowed money may also adversely affect the return on the Fund's assets, reduce cash available for distribution to its investors, and result in losses. The use of borrowings, also known as leverage, increases the volatility of investments by magnifying the potential for loss on invested equity capital. Since the Fund intends to use leverage to partially finance its investments through borrowing from banks, an investor may experience increased risks of investing in the Fund's common stock. If the value of the Fund's assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had the Fund not leveraged. Similarly, any decrease in the Fund's income would cause net income to decline more sharply than it would have had the Fund not borrowed. Such a decline could negatively affect the Fund's ability to

make distributions to its investors. In addition, the Fund's investors bear the burden of any increase in the Fund's expenses as a result of its use of leverage, including interest expenses and any increase in the management or incentive fees payable to CION Management.

There can be no assurance that leveraged financing will be available to the Fund on favorable terms or at all. However, to the extent that the Fund uses leverage to finance its assets, its financing costs will reduce cash available for distributions to investors. Moreover, the Fund may not be able to meet its financing obligations and, to the extent that it cannot, it risks the loss of some or all of its assets to liquidation or sale to satisfy the obligations. In such an event, the Fund may be forced to sell assets at significantly depressed prices due to market conditions or otherwise, which may result in losses.

Changes in interest rates may affect the Fund's cost of capital and net investment income. Since the Fund intends to use debt to finance a portion of its investments, its net investment income will depend, in part, upon the difference between the rate at which it borrows funds and the rate at which it invests those funds. As a result, the Fund can offer no assurance that a significant change in market interest rates will not have a material adverse effect on its net investment income. In periods of rising interest rates when the Fund has debt outstanding, its cost of funds will increase, which could reduce its net investment income. The Fund expects that its long-term fixed-rate investments will be financed primarily with equity and long-term debt. The Fund may use interest rate risk management techniques in an effort to limit its exposure to interest rate fluctuations. These activities may limit the Fund's ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on the Fund's business, financial condition and results of operations. Also, the Fund has limited experience in entering into hedging transactions, and the Fund will initially have to purchase or develop such expertise.

ITEM 9: DISCIPLINARY INFORMATION

Not applicable.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CION Securities, LLC ("CION Securities"), an affiliate of CION Management, is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). It is expected that CION Securities will be responsible for marketing interests of the Fund and will serve as the dealer-manager for the sale of interests of the Fund, for which it will receive a fee based on gross offering proceeds of the Fund.

CION Management also pays fees to affiliated and unaffiliated entities to provide account and other services to the Fund and to manage portfolio companies in which the Fund invests. CION Management may have incentives to select the services of affiliated entities or entities involved in strategic relationships, even if such services could be provided as well by other entities.

CION Management's investment professionals devote time to the management of multiple investment funds (collectively, the "CION Funds"), which may create conflicts in the allocation of management resources. In addition, the Fund may have an investment mandate that is similar to and/or overlapping with the investment mandates of other CION Funds, which may create conflicts in the allocation of investment opportunities between CION Funds. The Fund and other companies, funds or vehicles may be co-sponsored, co-branded or co-founded by, or subject to strategic relationships between, CION Management and strategic or joint venture partners of CION Management (collectively, "Strategic Vehicles"). Therefore, many investment opportunities sourced by CION Management's investment professionals or CION Management's strategic or joint venture partners may be suitable for multiple CION Funds and/or Strategic Vehicles, which also may create conflicts in the allocation of investment opportunities. Investment opportunities sourced by CION Management's investment professionals are allocated to one or more CION Funds, Strategic Vehicles or affiliates of CION Management ("Affiliated Entities") in accordance with the allocation policy adopted by CION Management. (See **Item 12: Brokerage Practices—Allocation Policy**).

Through affiliated entities, CION Management currently has indirect relationships with the following CION Funds:

- CION Ares Diversified Credit Fund, a Delaware statutory trust that is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified, closed-end management investment company.
- CION Investment Corporation, an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a business development company under the 1940 Act.

CION Management is affiliated with the following entities that provide investment advisory and other services to the other CION Funds:

- CION Ares Management, LLC, a joint venture between affiliates of Ares Management LLC and CION Investment Group, LLC, which is registered as an investment advisor with the SEC under the Advisers Act and provides investment advisory and other services to the CION Ares Diversified Credit Fund.
- CION Investment Management, LLC, a joint venture between CION Investment Group, LLC and Apollo Investment Management, L.P., which is registered as an investment advisor with the SEC under the Advisers Act and provides investment advisory and other services to CION Investment Corporation.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

CION Management has adopted a Code of Ethics (the “Code”) that applies to all CION Management employees. This Code describes the standard of conduct that CION Management requires of all of its employees and describes certain restrictions on activities such as personal trading, receipt of material, non-public information, and engaging in outside business activities. Compliance with the Code is a condition of employment for all of CION Management’s employees, and a serious violation of the Code or its related policies may result in serious reprimand, up to and including dismissal. Certain key provisions of the Code are summarized below. CION Management will provide a copy of the Code to any current client or prospective client upon request.

Personal Trading

The Code applies to all of CION Management’s employees and any other individual, including, but not limited to, officers, contractors and associates of CION Management (“Access Persons”) that the Chief Compliance Officer deems appropriate.

While Access Persons can trade in securities that are purchased, held and sold by or on behalf of CION Management’s advisory clients, such personal transactions are subject to a number of limitations. Generally, Access Persons must receive approval before trading in a security absent an exemption in the Code. In addition, Access Persons must obtain prior approval before participating in certain private placements or initial public offerings. Under CION Management’s Outside Business Activities Policy, Access Persons must also generally obtain approval and disclose any possible conflicts of interest prior to serving on the board of directors of any business entity or from entering into any other outside business activity.

Access Persons are also subject to additional restrictions, including, but not limited to periodic reports to CION Management regarding securities holdings, personal transactions, and trading accounts.

Certain types of securities and transactions are exempted, in whole or in part, from the coverage of the Code of Ethics. **Participation or Interest in Client Transactions**

Loan Origination Transactions: While CION Management or its affiliates generally do not act as an underwriter or member of a syndicate in connection with a securities offering, CION Management or its affiliates (or an unaffiliated entity in which CION Management or its affiliates have an ownership interest) can act as an underwriter, originator, agent, or member of a syndicate in connection with the origination of senior secured loans or other lending arrangements with borrowers, where such loans are purchased by CION Management advisory clients during or after the original syndication. CION Management advisory clients purchase such loans directly from CION Management or its affiliates (or an unaffiliated entity in which CION Management or its affiliates have an ownership interest) or from other members of the lending syndicate. In connection with such loan originations, CION Management or its affiliates, either directly or indirectly, receive underwriting, origination, or agent fees. As a result, CION Management has a conflict of interest in connection with such loan origination transactions since it has an incentive to base its investment recommendation to its advisory clients on the amount of compensation, underwriting, origination or agent fees it would receive rather than on its advisory clients’ best interests. To address the conflict of interest, CION Management has adopted a Transactions, Cross Trades and Other Affiliated Transactions Policy, which ensures any such transaction is consistent with CION Management’s fiduciary obligations to act in the best interests of its clients, including its ability to obtain best execution in connection with the transaction, and is in compliance with applicable legal and regulatory requirements.

Investments by Advisory Clients: CION Management has the ability to invest client assets in securities or other investments that are also held by (i) CION Management or its affiliates, (ii) other CION Management advisory

accounts, (iii) funds or accounts in which CION Management or its affiliates or their respective employees have an ownership or economic interest or (iv) employees of CION Management or its affiliates. CION Management also has the ability, on behalf of its advisory clients, to invest in the same or different securities or instruments of issuers in which (a) CION Management or its affiliates, (b) other CION Management advisory accounts, (c) funds or accounts in which CION Management, its affiliates, or their respective employees have an ownership or economic interest or (d) employees of CION Management or its affiliates, have an ownership interest as a holder of the debt, equity or other instruments of the issuer. CION Management has a conflict of interest in connection with any such transaction since investments by its advisory clients can directly or indirectly benefit CION Management and/or its affiliates and employees by potentially increasing the value of the securities or instruments it holds in the issuer. Any investment by CION Management on behalf of its advisory clients will be consistent with its fiduciary obligations to act in the best interests of its advisory clients, and otherwise be consistent with such clients' investment objectives and restrictions.

CION Management or its affiliates can recommend that clients invest in registered or unregistered investment companies, including private investment funds such as hedge funds, private equity funds or structured funds (i) advised by CION Management or an affiliate, (ii) in which CION Management, an affiliate or their respective employees has an ownership or economic interest or (iii) with respect to which CION Management or an affiliate has an interest in the entity entitled to receive the fees paid by such funds. CION Management has a conflict of interest in connection with any such recommendation since it has an incentive to base its recommendation to invest in such investment companies or private funds on the fees that CION Management or its affiliates would earn as a result of the investment by its advisory clients in the investment companies or private funds. Any recommendation to invest in a CION Management advised fund or other investment company will be consistent with CION Management's fiduciary obligations to act in the best interests of its advisory clients, consistent with such clients' investment objectives and restrictions. In certain limited circumstances, CION Management offers to clients that invest in private investment funds that it advises an equity interest in entities that receive advisory fees and carried profits interest from such funds.

Management of Multiple Accounts: As noted above, CION Management's portfolio managers are often responsible for the day-to-day management of multiple accounts, including, among others, separate accounts for institutional clients, closed-end registered investment companies, and/or private investment funds (such as hedge funds, private equity funds and structured funds), as well as for proprietary accounts of CION Management and its affiliates. The potential for material conflicts of interest exist whenever a portfolio manager has responsibility for the day-to-day management of multiple advisory accounts. These conflicts are heightened to the extent a portfolio manager is responsible for managing a proprietary account for CION Management or its affiliates or where the portfolio manager, CION Management and/or an affiliate has an investment in one or more of such accounts or an interest in the performance of one or more of such accounts (e.g., through the receipt of a performance fee).

Investment Allocation: Such potential conflicts include those relating to allocation of investment opportunities. For example, it is possible that an investment opportunity is suitable for more than one account managed by CION Management, but is not available in sufficient quantities for all accounts to participate fully. Similarly, there can be limited opportunity to sell an investment held by multiple accounts. A conflict arises where the portfolio manager has an incentive to treat an account preferentially because the account pays CION Management or its affiliates a performance-based fee or the portfolio manager, CION Management or an affiliate has an ownership or other economic interest in the account. As noted above, CION Management also acts as an investment manager for certain of its affiliates. These affiliate accounts sometimes co-invest jointly and concurrently with CION Management's other advisory clients and therefore share in the allocation of such investment opportunities. To address the conflicts of interest associated with the allocation of trading and investment opportunities, CION Management has adopted a Global Investment Allocation Policy and trade allocation procedures that govern the allocation of portfolio transactions and investment opportunities across multiple advisory accounts, including affiliated accounts, which are summarized below under Item 12 – Brokerage Practices, Investment Allocation Policy.

In addition, as noted above, to address the conflicts, CION Management has adopted a Side by Side Management of Private Investment Funds and Other Advisory Accounts Policy which requires, among others things, that CION Management treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits CION Management from favoring any particular advisory account as a result of the ownership or economic interests of CION Management, its affiliates or employees, in such advisory accounts. Any investment by a CION Management employee in one of its private funds is also governed by CION Management's Employee Co-Investment Policy, which ensures that any co-investment by a CION Management employee is consistent with CION Management's Code of Ethics, as summarized above.

Personal Securities Transactions; Short Sales: Potential material conflicts of interest also arise related to the knowledge and timing of an account's trades, investment opportunities and broker or dealer selection. CION Management and its portfolio managers have information about the size, timing and possible market impact of the trades of each account they manage. It is possible that portfolio managers could use this information for their personal advantage and/or to the advantage or disadvantage of various accounts which they manage. For example, a portfolio manager could cause a favored account to "front run" an account's trade or sell short a security for an account immediately prior to another account's sale of that security. To address these conflicts, CION Management has adopted policies and procedures, including a Global Short Sales Policy, which ensures that the use of short sales by CION Management is consistent with CION Management's fiduciary obligations to its clients; a Side by Side Management of Private Investment Funds and Other Advisory Accounts Policy, which requires, among other things, that CION Management treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits CION Management from favoring any particular account as a result of the ownership or economic interest of CION Management, its affiliates or employees; and a Code of Ethics, as summarized above.

Trade Errors: Potential material conflicts of interest also arise if a trade error occurs in a client account. A trade error is deemed to occur if there is a deviation by CION Management from the applicable standard of care in connection with the placement, execution or settlement of a trade for an advisory account that results in (1) CION Management purchasing assets not permitted or authorized by a client's investment advisory agreement or otherwise failing to follow a client's specific investment directives; (2) CION Management purchasing or selling the wrong security or the wrong amount of securities on behalf of a client's account; or (3) CION Management purchasing or selling assets for, or allocating assets to, the wrong client account. When correcting these errors, conflicts of interest between CION Management and its advisory accounts arise as decisions are made on whether to cancel, reverse or reallocate the erroneous trades. In order to address the conflicts, CION Management has adopted a Global Client Account Errors Policy governing the resolution of trading errors, and will follow the Global Client Account Errors Policy in order to ensure that trade errors are handled promptly and appropriately and that any action taken to remedy an error places the interest of a client ahead of CION Management's interest.

Best Execution; Directed or Restricted Brokerage: With respect to securities and other transactions (including, but not limited to, derivatives transactions) for most of the accounts it manages, CION Management determines which broker, dealer or other counterparty to use to execute each order, consistent with its fiduciary duty to seek best execution of the transaction. CION Management manages certain accounts, however, for clients who limit its discretion with respect to the selection of counterparties or direct it to execute such client's transactions through a particular counterparty. In these cases, trades for such an account in a particular security or other transaction can be placed separately from, rather than aggregated with, those in the same security or transaction for other accounts. Placing separate transaction orders for a security or transaction can temporarily affect the market price of the security or transaction or otherwise affect the execution of the transaction to the possible detriment of one or more of the other account(s) involved.

As discussed above, CION Management employees have the ability to trade in securities that are purchased, held and sold by or on behalf of CION Management's advisory clients, subject to a number of limitations. See above for a

discussion of restrictions on employee personal securities transactions contained in CION Management's Code of Ethics.

CION Management and its portfolio managers or employees have other actual or potential conflicts of interest in managing an advisory account, and the list above is not a complete description of every conflict of interest that could be deemed to exist.

Cross-Trades and Principal Transactions

Transactions with Affiliates: From time to time, CION Management or its affiliates, acts as principal, buys securities or other investments for itself from or sells securities or other investments it owns to its advisory clients. Likewise, CION Management can either directly or on behalf of its affiliates purchase and/or hold securities or other investments that are subsequently sold or transferred to advisory clients. CION Management has a conflict of interest in connection with a transaction where it or an affiliate is acting as principal since it has an incentive to favor itself or its affiliates over its advisory clients in connection with the transaction. To address the conflicts of interest, CION Management has adopted a Transactions, Cross Trades and Other Affiliated Transactions Policy, which ensures any such transaction is consistent with CION Management's fiduciary obligations to act in the best interests of its clients, including its ability to obtain best execution in connection with the transaction, and is in compliance with applicable legal and regulatory requirements.

Cross Trades: CION Management can effect cross-trades on behalf of its advisory clients whereby one advisory client buys securities or other investments from or sells securities or other investments to another advisory client. CION Management can also effect cross-trades involving advisory accounts or funds in which it or its affiliates, and their respective employees, have an ownership interest or for which CION Management is entitled to earn a performance fee. As a result, CION Management has a conflict of interest in connection with the cross-trade since it has an incentive to favor the advisory client or fund in which it or its affiliate has an ownership interest and/or is entitled to a performance fee. To address the conflicts of interest, CION Management has adopted a Transactions, Cross Trades and Other Affiliated Transactions Policy, which ensures any such cross-trade is consistent with CION Management's fiduciary obligations to act in the best interests of each of its advisory clients, including its ability to obtain best execution for each advisory client in connection with the cross-trade transaction, and is in compliance with applicable legal and regulatory requirements. CION Management will not receive a commission or any other remuneration (other than its advisory fee) for effecting cross-trades between advisory clients.

Other Conflicts

CION Management's investment professionals manage investments on behalf of different CION Funds through CION Management's affiliated entities. Certain CION Funds have investment programs that are similar to or may overlap with the Fund's and may, therefore, participate with each other in (or compete for) investments. Because of the diversity of objectives, risk tolerances, tax situations and differences in the timing of capital contributions and withdrawals, there will be differences in invested positions held among the CION Funds. Any allocation of investments among the CION Funds by CION Management's investment professionals will be made in a manner consistent with each CION Fund's investment objectives. Investment decisions and allocations are not necessarily made in parallel among all of the CION Funds. In all cases, allocation requirements (if any) set forth in the CION Funds' Governing Documents will control. CION Management and its affiliates in their sole discretion may allow multiple CION Funds to co-invest in a particular investment, based upon a variety of factors including, among other factors, investment strategy, mandate or area of focus; risk management (e.g., volatility, liquidity, diversification and concentration in light of each CION Fund's existing portfolio and investment pipeline); fund restrictions or limitations; tax or legal considerations; and cost or availability of financing. Because CION Management and its affiliates may allocate a particular investment among the CION Funds unequally, the CION Funds may produce results that are materially different from one another. (See ***Item 12: Brokerage Practices—Allocation Policy***).

ITEM 12: BROKERAGE PRACTICES

Transaction Execution and Broker-Dealer Selection

CION Management seeks to minimize the cost and expense of transactions in investments effected on behalf of the Fund while also seeking to achieve the most efficient structure for such investments, taking into account, among other things, tax, regulatory and client-specific considerations. These costs and expenses may vary among CION Funds, and transactions may be effected differently, including at different times for one client than for another, as a result of various factors, including, without limitation, the location of a client, the location and nature of the particular investment involved, and other client-specific considerations.

CION Management may select brokers on the basis of: (i) the reasonableness of such brokers' commissions relative to others offering similar services; and (ii) the ability of such brokers to provide quality and cost effective execution.

Not all portfolio transactions require or involve a broker-dealer. When it is deemed necessary or appropriate to involve a broker-dealer in portfolio transactions for the Fund, such transactions will be allocated to brokers and dealers on the basis of the Fund's best execution policies. CION Management's best execution policies require that the Fund's investments or trades be placed for execution only with approved brokers or dealers. The factors considered in selecting and approving brokers-dealers that may be used to execute trades for the Fund's accounts include, but are not limited to: (i) quality of execution – accuracy and timeliness of execution, clearance and error/dispute resolution; (ii) reputation, financial strength and stability; (iii) market making and risk positioning capabilities; (iv) willingness to execute transactions on terms requested or required; (v) willingness and ability to commit capital for trading as well as financing requests; (vi) access to investment opportunities; (vii) on-going reliability; (viii) overall costs of execution (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of the firm's knowledge of negotiated transaction costs available in the market; (ix) nature of the investment or security and the available market makers; (x) desired timing of the transaction and size of transaction; (xi) confidentiality of execution; (xii) market knowledge; and (xiii) the quality of brokerage or research.

Allocation Policy

If the investments available from time to time to the CION Funds are less than the aggregate amount of investments then sought by the CION Funds, then, in addition to the factors listed below, CION Management's investment professionals will take into account the time period the CION Funds have been seeking investments. In allocating investments among the CION Funds, CION Management's investment professionals will take into consideration, among other things:

- whether the required cash investment is greater than the cash that the CION Funds have available for investment;
- whether the amount of debt to be incurred or assumed is above levels that CION Management believes are acceptable for the CION Funds;
- whether the investment is appropriate to the objectives of the CION Funds, which include seeking to avoid concentrations of exposure to any borrower or other counterparty, one class of collateral, industry or geographic location;
- whether the credit quality of the borrower or other counterparty satisfies the objectives of the CION Funds of maintaining high-quality portfolios with creditworthy counterparties while avoiding concentrations of exposure to any individual counterparty;

- whether the remaining loan term extends beyond the date by which the existence of the CION Funds will end;
- whether the available cash flow of the CION Funds is sufficient to make the investment;
- whether the structure of the proposed transaction, particularly the end-of-loan options, provides the opportunity to obtain the return needed to meet the CION Funds' total return objectives for their investments; and
- whether the transaction complies with the terms of the Governing Documents of the CION Funds.

Neither CION Management nor its affiliates are prohibited from making investments in, or collateralized by, the portfolio companies, and CION Management and its affiliates can engage in such investment opportunities on its or their own behalf or on behalf of other CION Funds. CION Management and its affiliates will have the right to take for its or their own account, or to recommend to any CION Fund it manages or they manage, any particular investment opportunity after considering, among other things, the factors set forth above.

Conflicts may also arise between two or more CION Funds that CION Management or any of its affiliates advises or manages (and CION Management based on differential pecuniary interests, if any, in such funds), or between one or more CION Funds and an affiliate of CION Management acting for its own account, which may be seeking to realize on similar investments at the same time. In these cases, the first opportunity to realize on such investments will generally be allocated to the CION Fund whose investments are closer to maturity and, in the case of investments with the same maturity, the oldest investment. However, CION Management may make exceptions to this general policy where, in CION Management's judgment, circumstances make applying this policy inequitable or not economically feasible for the Fund.

CION Management may combine broker orders on behalf of an account with orders for other accounts for which it, or its principals, have trading authority, or in which CION Management, or its principals, have an economic interest. When this occurs, CION Management will generally allocate the investments or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants where consistent with CION Management's duty to seek best execution. CION Management believes combining orders in this way may be advantageous to all participants over time. However, the average price could be less advantageous to an account than if an account had been the only account effecting the transaction or had completed a transaction before the other participants. Because of CION Management's interest in some of the accounts, there may be circumstances in which an account's transactions may not, under certain laws and regulations, be combined with those of some of CION Management's and its affiliates' other clients, and an account may obtain less advantageous execution than such other clients.

ITEM 13: REVIEW OF ACCOUNTS

The Fund is monitored on an ongoing basis by the same team that is responsible for performance monitoring and reporting, financial risk management and all operational aspects of the Fund such as corporate, legal, tax, accounting, financing, hedging and cash distribution. The team also monitors the due diligence process applicable to potential investments for the Fund, transaction structuring, acquisition budgets and transaction documentation. Additionally, CION Management has an investment committee that approves each investment made on behalf of the Fund and the allocation of those investments, as discussed in Item 12. Depending on the size, nature and performance of a transaction, senior investment professionals of CION Management may take board seats or obtain board observation rights for the Fund's portfolio companies.

CION Management may provide certain investors with information on a more frequent and detailed basis if agreed to by CION Management.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

CION Management does not engage any parties to solicit clients, nor does it receive compensation from sources other than its clients for providing advice to its clients.

ITEM 15: CUSTODY

In connection with the management of investments for the Fund, CION Management may have, or may be deemed to have, custody of the Fund's funds or securities. Rule 206(4)-2 under the Advisers Act 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).

CION Management expects that the Fund for which it is deemed to have custody will: (i) be audited at least annually by an independent public accountant; and (ii) distribute its audited financial statements prepared in accordance with generally accepted accounting principles to its investors within 120 days of its fiscal year-end.

ITEM 16: INVESTMENT DISCRETION

As a general rule, CION Management receives discretionary investment authority from the Fund at the outset of an advisory relationship. Depending on the terms of the Fund's governing documents, CION Management's authority may include the ability to select brokers and dealers through which to execute transactions on behalf of the Fund, and select the commission rates, if any, at which transactions are effected. In making decisions as to which securities are to be bought or sold and the amounts thereof, CION Management is guided by the mandate selected by the Fund and any investment guidelines or restrictions imposed by the Fund. CION Management generally is not required to provide notice to, consult with, or seek the consent of the Fund prior to engaging in transactions that fall within the Fund's approved investment guidelines.

ITEM 17: VOTING CLIENT SECURITIES

CION Management invests primarily in first lien senior secured loans, including unitranche loans, second lien senior secured loans and mezzanine debt, which in some cases includes an equity component, and, to a lesser extent, collateralized securities, structured products and other similar securities, of U.S. and European middle-market companies, on behalf of the Fund. Accordingly, CION Management may, from time to time, receive amendments, consents or resolutions applicable to other investments held in the Fund (collectively, “proxies”) and is generally granted authority to vote and consent on such matters on behalf of Fund. CION Management will vote proxies in a manner that it believes, in its discretion, to be in the best interest of the Fund’s investors in the long term. It will review on a case-by-case basis each proposal submitted for an investor vote or consent to determine its impact on the portfolio securities held by its clients. Although CION Management will generally vote against proposals that CION Management believes could have a negative impact on its clients’ portfolio securities, it may vote for such a proposal if there exists compelling long-term reasons to do so.

The proxy voting decisions of CION Management are made by the senior officers who are responsible for monitoring each of its clients’ investments. To ensure that a vote is not the product of a conflict of interest, CION Management requires that: (a) anyone involved in the decision-making process disclose to the chief compliance officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote and (b) officers and employees involved in the decision making process or vote administration are prohibited from revealing how CION Management intends to vote on a proposal in order to reduce any attempted influence from interested parties. The CCO of CION Management will work with the appropriate senior officers to resolve any conflict that may arise.

You may obtain information, without charge, regarding how CION Management voted proxies with respect to the Fund’s portfolio securities by making a written request for proxy voting information to: Chief Compliance Officer, c/o CION Management, 3 Park Avenue, 36th Floor, New York, NY 10016.

ITEM 18: FINANCIAL INFORMATION

Not applicable.