

ITEM 1. COVER PAGE

**Carlyle Global Credit Investment Management
L.L.C.**

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March 30, 2019

This Brochure provides information about the qualifications and business practices of Carlyle Global Credit Investment Management L.L.C. (“CGCIM” or the Adviser). If you have any questions about the content of this Brochure, please contact Catherine Ziobro at (202) 729-5626. 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.

Additional information about CGCIM also is available on the SEC’s website at www.adviserinfo.sec.gov (click on the link “Investment Adviser Search” and then select “Firm” and type in our advisory firm name “Carlyle Global Credit Investment Management”).

CGCIM is an investment adviser registered with the SEC (a “registered investment adviser”). This registration does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

This Brochure is intended to provide potential and existing clients with an overview of CGCIM. It also contains important disclosures regarding items such as certain practices of CGCIM, potential material conflicts that may arise and key potential investment risks. While these may not be material, in certain sections, including conflicts of interest, investment risks, fees and expenses, as part of our annual updates, additional clarification and detail has been provided.

The following is a discussion of the material changes to CGCIM's Brochure since the annual update filed March 30, 2018.

In 2018, The Carlyle Group ("Carlyle") acquired a 19.9% interest in Fortitude Group Holdings, LLC, which owns 100% of the outstanding common shares of Fortitude Reinsurance Company Ltd., a Bermuda domiciled reinsurer (collectively, "Fortitude Re", f/k/a "DSA Re") established to reinsure a portfolio of AIG's legacy life, annuity and property and casualty liabilities. In connection with the investment, Carlyle entered into a strategic asset management relationship with Fortitude Re pursuant to which Fortitude Re, together with certain AIG-affiliated ceding companies it has reinsured, is allocating assets to certain of Carlyle's asset management strategies and vehicles across multiple segments.

In 2018, Carlyle acquired Apollo Aviation Group, a global commercial aviation investment and servicing firm and rebranded the business as Carlyle Aviation Partners Ltd. ("Carlyle Aviation Partners"). Carlyle Aviation Partners includes a registered investment adviser, Carlyle Aviation Securities Partners LLC ("CASP"), and is part of the Global Credit segment.

In September 2018, Carlyle issued \$350 million in aggregate principal amount of 5.650% senior notes due in 2048, repurchased \$250 million in aggregate principal amount of outstanding 3.875% senior notes due in 2023, and prepaid the \$109 million outstanding under a previously issued promissory note.

In March 2019, Carlyle appointed Christopher Finn as the firm's Chief Operating Officer.

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ITEM 4. ADVISORY BUSINESS

The Carlyle Group

Carlyle, founded in 1987, is one of the world's largest and most diversified multi-product global investment firms, offering specialized investment funds and other investment vehicles that invest across a range of industries, geographies, asset classes and investment strategies. Carlyle operates its business, through CGCIM, Carlyle Investment Management L.L.C. ("CIM") and several other Carlyle-affiliated investment advisers, across four segments: (i) Corporate Private Equity, (ii) Real Assets, (iii) Global Credit (which includes CGCIM), and (iv) Investment Solutions.

Various entities affiliated with The Carlyle Group L.P. (Nasdaq: CG), an affiliate of CGCIM (the "Public Company"), directly and indirectly own and control CGCIM. Carlyle Group Management L.L.C. is the sole general partner of the Public Company and may be deemed to indirectly control the Public Company's business for regulatory purposes. CIM does not hold any economic interest in the Public Company, although certain of its officers and supervised persons hold common units representing limited partnership interests in the Public Company (the "Common Units") and have the ability to control TCG Carlyle Global Partners L.L.C., an entity that holds a special voting unit issued by the Public Company. Public unitholders hold 100% of the economic interests in the Public Company. As of December 2018, the Public Company indirectly held approximately 32% in Carlyle Holdings I, L.P., Carlyle Holdings II L.P. and Carlyle Holdings III L.P. (collectively, "Carlyle Holdings"), which entities operate and control all of the business and affairs of Carlyle and its affiliates; the remaining limited partnership interests in Carlyle Holdings were held by senior Carlyle professionals, affiliates of Mubadala Development Company and their respective related persons.

Carlyle Group Management L.L.C. is managed by a Board of Directors (Carlyle's founders, William E. Conway, Jr., Daniel A. D'Aniello, and David M. Rubenstein represent a majority in interest of the membership interests in Carlyle Group Management L.L.C. and, accordingly, have the ability to appoint and remove the members of the entity's Board of Directors, subject to the terms of its limited liability company agreement). Carlyle has formed a group of senior management professionals that establishes the management structures and policies and procedures for the operation and development of the firm (the "Executive Group"), guided by the strategic direction set by the Board of Directors. Together with Messrs. Conway, D'Aniello and Rubenstein, Glenn A. Youngkin and Kewsong Lee, Carlyle's Co-Chief Executive Officers, Peter J. Clare, Carlyle's Co-Chief Investment Officer, Jeffrey W. Ferguson, Carlyle's General Counsel, and Curtis L. Buser, Carlyle's Chief Financial Officer, comprise the Executive Group. Carlyle also has formed a committee responsible for reviewing and considering significant operational or financial matters (the "Management Committee"). Comprising members of the Executive Group and other members of senior management, the Management Committee serves as a resource to the Executive Group.

Carlyle Global Credit Investment Management L.L.C.

CGCIM is a Delaware limited liability company that is registered with the SEC as an investment adviser, under the Investment Advisers Act of 1940 as amended (the "Advisers Act"). CGCIM was formed in 2012 and commenced operations in 2013.

CGCIM is wholly owned and controlled by CIM, an affiliated advisory entity that is separately registered with the SEC as an investment adviser and provides investment advisory services to various investment vehicles and managed accounts sponsored by Carlyle.

CGCIM currently provides investment advisory services with respect to certain products within Global Credit, including direct lending, opportunistic credit, energy credit, distressed credit, and certain structured credit investment vehicles (each an “Advisory Client”¹), as discussed below. The Global Credit team includes investment professionals located in the United States, Europe and Asia.

In 2018, Carlyle obtained Financial Industry Regulatory Authority (“FINRA”) approval for TCG Capital Markets L.L.C. (“TCG Capital Markets”), an affiliate broker-dealer entity that operates as part of the Carlyle Capital Solutions platform (“CCS”) within Global Credit, and engages in the underwriting, syndication and placement of securities of corporate issuers in private transactions, among other related activities, including U.S.-based marketing and fundraising for Global Credit. In addition, TCG Capital Markets is registered as a broker-dealer with the SEC and in 49 states and the District of Columbia. The CCS platform also includes TCG Senior Funding L.L.C. (“TCG Senior Funding”), which has been established to underwrite, originate and syndicate loans.

In 2018, CGCIM began to serve as a sub-adviser to a registered investment company, OFI Carlyle Private Credit Fund (“Private Credit RIC”), a Delaware statutory trust that is registered under the U.S. Investment Company Act of 1940, as amended (the “1940 Act”), as a non-diversified, closed-end management investment company and that is operated as an “interval fund” pursuant to Rule 23c-3 under the 1940 Act, and generally offers retail investors access to certain credit strategies across Global Credit. Private Credit RIC’s investment adviser is OC Private Capital, LLC (“OCP”), a joint venture between an affiliate of OppenheimerFunds, Inc. (“OFI”) and CIM. OCP is majority controlled by OFI and is an investment adviser registered with the SEC. OCP oversees the allocation of Private Credit RIC’s assets to its underlying credit strategies, and CGCIM sources and makes investment decisions within each strategy. Although CGCIM is a separately-registered investment adviser, its status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed more fully in Item 10 below.

Additional information about the Public Company is available in its current public filings with the SEC. Unless specifically stated otherwise, references in this Brochure to CGCIM do not include Carlyle, CIM, OCP, CASP, the Public Company or any of Carlyle’s other affiliated entities.

DESCRIPTION OF ADVISORY SERVICES WITHIN GLOBAL CREDIT

Global Credit, established in 1999 with Carlyle’s first high yield fund, advises a group of advisory clients that pursue investment strategies including loans and structured credit, direct lending, opportunistic

¹ “Advisory Client” means any fund, pooled investment vehicle or account for which CGCIM directly or indirectly provides investment advice and/or places trades on a discretionary or nondiscretionary basis. The investors and other persons who invest in Advisory Clients are generally referred to in this Brochure as “investors.” Unless otherwise expressly stated herein, the term “Advisory Clients” does not include “investors”, and the term “investors” does not reference public unitholders of the Public Company.

credit, energy credit, distressed credit and aviation finance. CGCIM is one of a group of affiliated investment advisers that provide advisory services to Global Credit advisory clients. Primary areas of focus for the Global Credit platform include:

- *Direct Lending*: This strategy includes (i) two non-diversified closed-end investment companies, TCG BDC, Inc. (“TCG BDC”) and TCG BDC II, Inc. (“TCG BDC II”), each of which has elected to be regulated as a business development company (“BDC”) under the 1940 Act (TCG BDC closed its initial public offering on June 19, 2017, and shares of its common stock started trading on the Nasdaq Global Select Market under the ticker symbol “CGBD”); (ii) Carlyle Direct Lending CLO 2015-1R LLC (“CDL CLO”)², a private investment vehicle that is a collateralized loan obligation (“CLO”) fund, to which CGCIM serves as the collateral manager; (iii) Middle Market Credit Fund LLC (“MMCF”), a strategic joint venture between TCG BDC and a large Canadian pension fund (TCG BDC and such pension fund are each an “MMCF Member” and collectively, the “MMCF Members”) where CGCIM provides investment advisory services on a non-discretionary basis, and (iv) certain other private investment vehicles. Direct Lending invests primarily in first-lien loans and second-lien loans of U.S. middle-market companies, defined as companies with approximately \$10 million to \$100 million of earnings before interest, taxes, depreciation and amortization (“EBITDA”), that lack access to the broadly syndicated loan and bond markets.
- *Opportunistic Credit*. The opportunistic credit team invests primarily in highly-structured and privately-negotiated capital solutions supporting corporate and other borrowers through secured loans, senior subordinated debt, mezzanine debt, convertible notes, and other debt-like instruments, as well as preferred and common equity in such borrowers. The opportunistic credit team also considers investing in special situations and market dislocations.
- *Energy Credit*: The energy credit team seeks to invest primarily in privately-negotiated mezzanine debt investments in North American energy and power projects and companies.
- *Distressed Credit*: The distressed credit investment team focuses on investments in liquid and illiquid securities and obligations, including secured debt, senior and subordinated unsecured debt, convertible debt obligations, preferred stock and public and private equity of financially distressed companies in defensive and asset-rich industries. In certain investments, these funds may seek to restructure pre-reorganization debt claims into controlling positions in the equity of reorganized companies.
- *Loans and Structured Credit*: This strategy includes the Carlyle Structured Credit fund, which seeks to generate returns through investments in CLOs backed by U.S. and/or European senior secured loans.

In addition to the CGCIM-advised Carlyle Structured Credit fund listed above, Global Credit’s loans and structured credit strategies also include structured credit CLO advisory clients managed by CIM and its relying advisor, Carlyle CLO Management L.L.C. (“Carlyle CLO

² Carlyle Direct Lending CLO 2015-1R LLC was formerly named Carlyle GMS Finance MM CLO 2015 1 LLC (“MM CLO”).

Management”). Global Credit’s European structured credit CLO advisory clients are independently advised by CELF Advisors LLP (“CELFA”), an affiliated investment adviser authorized and regulated by the UK Financial Conduct Authority. CELF is an “Exempt Reporting Adviser” under the exemption from the SEC’s investment adviser registration requirements set forth in Rule 203(m)-1 under the Advisers Act. The U.S. and European structured credit investment teams focus on investments primarily in performing senior secured bank loans through structured vehicles and other investment vehicles.

- *Aircraft Financing and Servicing (“Aviation Finance”)*: Carlyle Aviation Partners is a multistrategy investment platform that is engaged in commercial aviation aircraft financing and investment and providing investment management services related to the commercial aviation industry. Carlyle Aviation Partners includes CASP, an investment adviser registered with the SEC.
- *Capital Solutions*. CCS is a loan syndication and capital markets business that Carlyle launched in 2018. The primary focus of CCS is to underwrite, originate and syndicate loans, and underwrite securities of third parties and Carlyle portfolio companies, through TCG Capital Markets a broker-dealer affiliated with CGCIM, and TCG Senior Funding. Please see Item 10 for additional information regarding CCS.

TAILORED ADVISORY SERVICES

In providing its services to each Advisory Client, CGCIM provides advice with respect to the investment and reinvestment of each Advisory Client’s assets, and may assist in coordinating reports to investors. CGCIM provides tailored investment advisory services to its Advisory Clients in accordance with each Advisory Client’s investment objectives, strategies, restrictions and guidelines, including, where applicable, restrictions under the 1940 Act and the U.S. Internal Revenue Code of 1986, as amended (the “IRS Code”).

Interests in Advisory Clients, other than TCG BDC and Private Credit RIC, are privately offered only to eligible investors pursuant to exemptions available under the Securities Act of 1933, as amended (the “Securities Act”), and the regulations promulgated thereunder and, if applicable, pursuant to exemptions from registration under the 1940 Act. Typically, interests in such investment vehicles are offered to institutional investors and high net worth individuals. Interests in MMCF are offered only to the MMCF Members, TCG BDC and the large Canadian pension fund referenced above.

ADVISORY CLIENT ASSETS MANAGED

As of December 31, 2018, the regulatory assets under the management of CGCIM amounted to approximately \$14.7 billion on a discretionary basis and \$1.0 billion on a non-discretionary basis for a total of \$15.7 billion.³

³ As noted above, CGCIM provides investment advisory services to MMCF on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

CGCIM or its affiliates⁴ generally receive management fees, incentive fees, carried interest or similar profit allocations from Advisory Clients. Advisory Clients, excluding the BDCs and Private Credit RIC, frequently also indirectly incur or generate other fees payable to CGCIM or its affiliates, depending on the nature of their portfolio activities. CGCIM or its affiliates, for example, earn fees and other compensation from prospective and actual portfolio companies, purchasers, sellers and other parties as compensation for services (collectively, “Service Fees”). These Service Fees can include project, structuring, topping, termination, break-up, directors’, organizational, set-up, investment banking, underwriting, syndication, closing, commitment, advisory, consulting, and other similar fees in connection with the purchase, monitoring, or disposition of underlying investments or from unconsummated transactions. In general, the specific legal and/or organizational documents of the relevant Advisory Client, the investment management agreement between CGCIM (or an affiliate) and such Advisory Client or the agreements in respect of the portfolio investments describe the basic fee structure relevant to the investors in such Advisory Client. To the extent provided in such organizational documents or investment management agreement, CGCIM’s management fees from Advisory Clients generally are reduced (offset) by a specified portion of the Service Fees that arise out of such Advisory Client’s investment activities. The Service Fees can be and often are substantial, and if not fully offset pursuant to organizational documents will be indirectly borne by investors.

Certain fees are excluded from the definition of “Service Fees” and not subject to a management fee offset. For certain Advisory Clients, fees earned by broker-dealer affiliates of CGCIM (*i.e.*, CCS) who are U.S.-registered broker-dealers (or affiliates providing similar services with respect to loans) conducting a financial services, loan origination, structuring, placement or other similar business as a broker, dealer, distributor, syndicator, arranger or originator of securities or loans are not considered “Service Fees” subject to any management fee offset. These affiliated broker-dealer fees include offering, placement, syndication, underwriting, solicitation or similar fees in connection with activities for an Advisory Client such as an initial public offering of securities and the distribution of debt or equity securities of a portfolio company, or similar activities with respect to loans. In addition, fees attributable to coinvestors or internal or external coinvestment vehicles may also be excluded from “Service Fees” and not subject to a management fee offset.

Other than transactions expressly permitted by the governing agreements of the relevant Advisory Client, any fees paid to CGCIM or its affiliates by a portfolio company or an Advisory Client are required to be on an arm’s-length basis on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party, are no less favorable than market terms, or approved by the relevant members of a committee of third-party investors with Carlyle (an “Investor Advisory Committee”). Among the measures CGMIM uses to mitigate such conflict is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

⁴ For the purposes of this Brochure, references to “CGCIM or its affiliates” or “CGCIM and its affiliates” do not include references to Carlyle-affiliated advisers, such as CIM, Carlyle CLO Management, CELF, CASP, AlpInvest, and Metropolitan, unaffiliated advisers, such as Atlas NV and NGP Energy Capital Management, LLC, or any Carlyle portfolio companies, including portfolio companies that are investment advisers registered with the SEC (*e.g.*, Content Partners LLC, or the separately registered investment advisers affiliated with TCW Group, Inc.)

Moreover, Carlyle and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Advisory Clients that will not be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Advisory Client expenses typically result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to Carlyle and/or such personnel (and not the Advisory Clients, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Advisory Clients, investors and/or portfolio companies.

On occasion, Carlyle employees may be asked to serve on the boards of directors of companies in which an Advisory Client has fully exited its ownership interest. Such companies are not portfolio companies and therefore, to the extent the Carlyle employee is offered standard board compensation for his or her services post-exit, such standard board compensation is not subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

On occasion, former Carlyle employees may be asked to serve on the boards of directors of companies in which an Advisory Client continues to have an ownership interest. To the extent the former Carlyle employee is offered standard board compensation for their services, depending on the facts and circumstances including the duration of the separation from Carlyle, such standard board compensation may not be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

Advisory Clients also typically bear certain out-of-pocket expenses incurred by CGCIM or its affiliates in connection with the services provided to such Advisory Clients. The following sections discuss the most common fees and expenses in more detail.

Common Types of Fees

Management Fees and Administration Fees

The majority of CGCIM’s Advisory Clients are pooled investment vehicles. CGCIM also provides advisory services to two BDCs, is the collateral manager to CDL CLO and is the sub-adviser to Private Credit RIC.

For most Advisory Clients that are pooled investment funds, the annual management fee is typically in the range of 1.0-2.0 percent of third-party investors’ committed capital during the relevant Advisory Client’s investment period. After such investment period, the fee percentage is typically applied only to the amount of third-party capital remaining in investments that have not yet been exited, and the fee percentage also may be reduced (*e.g.*, 0.6 - 2.0 percent of remaining third-party capital). However, if the fee base changes during a period for which fees have been called in advance, any excess fees paid generally are not returned to the investor. For certain separately managed accounts that are charged management fees, the range is generally from 0.5 to 1.0 percent of contributions for unrealized investments or the current value of the investment. For services provided to certain separately managed accounts, the Advisory Client may pay a management fee to CGCIM or one of its affiliates, which fee may be in addition to any fees charged by pooled investment funds in which such managed account

makes an investment. In some situations, an Advisory Client pays management fees based on net asset value of the investments held by such Advisory Client.

Management fees are generally paid by or on behalf of an Advisory Client by (i) requiring investors in such Advisory Client to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such Advisory Client. In addition, CGCIM or its affiliates often have the ability to cause an Advisory Client to borrow money for the payment of such fees.

Management fees are negotiable and, depending on the Advisory Client, may be paid in advance or in arrears and may vary for different third-party investors, typically based on commitment size. If management fees with respect to an Advisory Client are assessed in advance, they are generally required to be returned to the investors in such Advisory Client should CGCIM's and its affiliates' management services to the Advisory Client be terminated prior to the end of the period in respect of which the fees have been paid (including, for example, situations where the final distribution by an Advisory Client occurs prior to the end of a period for which management fees have already been paid). In general, the amount of such fees to be returned is calculated based on the number of days remaining in the applicable period. Certain Advisory Clients are also charged a flat annual administration fee to cover a portion of Carlyle's internal administration costs, which are paid (and rebated if necessary) in a similar fashion as management fees. The amounts of any such fees are set forth in the agreements under which an Advisory Client was established.

Each of TCG BDC and TCG BDC II pays CGCIM a base management fee for its services under the respective investment advisory agreement. TCG BDC's base management fee is calculated and payable quarterly in arrears at an annual rate 1.5% of the average gross assets, including assets acquired through the incurrence of debt and excluding any cash and equivalents; provided, however, effective July 1, 2018, the base management fee is calculated at an annual rate of 1.0% of the average value of the gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200% and (B) the average value of the Company's net asset value at the end of the two most recently completed calendar quarters. TCG BDC's base management fees for any partial month or quarter are pro-rated. TCG BDC II's management fee is calculated and payable quarterly in arrears at an annual rate of 1.25% of TCG BDC II's average capital under management (which means cumulative capital called, less cumulative distributions categorized as returned capital and which does not include capital acquired through the use of leverage). TCG BDC II's management fees for any partial month or quarter are pro-rated.

Under the CDL CLO collateral management agreement, CGCIM is only entitled to receive fees if there are any preferred interests in the CDL CLO issuer not held by TCG BDC or certain other specified Carlyle affiliates ("Carlyle Holders"). As the collateral manager of CDL CLO, CGCIM receives a base management fee, a subordinate management fee and an incentive management fee, in each case in proportion to (i) the aggregate outstanding amount of preferred interests not held by the Carlyle Holders divided by (ii) the aggregate outstanding amount of the preferred interests on each payment date. Therefore, if TCG BDC holds all of the preferred interests in the CDL CLO issuer, CGCIM will not receive any management or incentive fees. In addition, CGCIM's right to receive the incentive management fee is subject to CDL CLO achieving an annualized internal rate of return, as set forth in the collateral management agreement relating to CDL CLO. The CDL CLO offering circular contains the calculation of the above fees and the limitations that apply. CDL CLO fees charged will be deducted

from portfolio assets and will be paid or otherwise allocated to CGCIM in accordance with the terms of the collateral management agreement.

MMCF does not pay any fees to CGCIM.

Pursuant to the investment advisory agreement between Private Credit RIC and OCP, OCP is entitled to a fee consisting of a base management fee and an incentive fee. Pursuant to the sub-advisory agreement between OCP and CGCIM, OCP pays CGCIM 40% of the management fee received by OCP. The management fee is calculated and payable monthly in arrears at the annual rate of 1.5% of the month-end value of Private Credit RIC's total assets minus Private Credit RIC's liabilities.

Performance-Based Arrangements⁵

Distributions to investors with respect to most Advisory Clients are subject to some form of carried interest or similar profit allocation for the benefit of an affiliate of CGCIM. Generally, these profit allocations represent a share of distributions made by an Advisory Client in excess of the relevant investors' invested capital, and allocable fees and expenses. Performance-based profit allocations may be applied each time an investment is realized or on an annual (or more frequent) basis with respect to certain Advisory Clients.

Performance fees, incentive fees or carried interest profit allocations are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder. Therefore, CGCIM seeks to ensure that any Advisory Client or investors in an Advisory Client, including Advisory Clients relying on Section 3(c)7 of the 1940 Act, that are directly or indirectly assessed performance fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks.

Performance fees, incentive fees or carried interest allocations with respect to Advisory Clients generally do not exceed 20% of profits, and may be subject to certain preferred return hurdles, catch-up allocations and high water marks. In the case of open-ended fund Advisory Clients, the incentive allocation is generally calculated on a basis that includes unrealized appreciation of the Advisory Client's assets. The manner of calculation and application of performance, incentive fee or carried interest profit allocations are disclosed in the offering documents for, and detailed in the governing agreements of, each Advisory Client.

Management fees, incentive fees, and carried interest or similar profit allocations are subject to modification, waiver or reduction in connection with an investment in one or multiple Advisory Clients. Furthermore, Carlyle, its affiliates and equity owners, and certain of their respective professionals typically invest in or alongside Advisory Clients. Other qualified individuals who generally are not employees of Carlyle, but who have business relationships with Carlyle or industry expertise in the sector in which a particular Advisory Client may be investing (including, without limitation, operating executives, operating advisors, consultants, former employees, and other similar professionals), also

⁵ See also Item 6 – "Performance-Based Fees and Side-By-Side Management".

invest in or alongside Advisory Clients. Fees assessed or profit allocations on such investments may be substantially reduced or, as is more typical, waived altogether for these investors.

Each of TCG BDC and TCG BDC II pays an incentive fee to CGCIM under its investment advisory agreement. TCG BDC's incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 17.5% of TCG BDC's pre-incentive fee net investment income for the immediately preceding calendar quarter, subject to a 6% preferred return hurdle, and a "catch-up" feature. The second part is calculated and payable in arrears as of the end of each calendar year in an amount equal to 17.5% of TCG BDC's realized capital gains, if any, on a cumulative basis from inception through the end of such calendar year, computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation less the aggregate amount of any previously paid capital gain incentive fees. TCG BDC II's incentive fee also consists of two parts. The first part is calculated and payable quarterly in arrears and equals 15% of TCG BDC II's pre-incentive fee net investment income for the immediately preceding calendar quarter, subject to a 7% preferred return hurdle, and a "catch-up" feature. The second part is determined and payable in arrears as of the end of each calendar year in an amount equal to 15% of TCG BDC II's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation less the aggregate amount of any previously paid capital gain incentive fees, provided that no incentive fee on capital gains is payable to CGCIM unless cumulative total return exceeds a 7% annual return on weighted average cumulative capital called less cumulative distributions categorized as returned capital. BDC fees charged are deducted from portfolio assets and are paid or otherwise allocated to CGCIM in accordance with the terms of the relevant investment advisory agreement.

CGCIM does not receive any performance fees with respect to Private Credit RIC, however, pursuant to OCP's operating agreement, CIM is entitled to a portion of the incentive fees paid to OCP.

Other Fees

To the extent CGCIM or an affiliate thereof is entitled to receive fees from portfolio companies of an Advisory Client, a portion of such Advisory Client's share of such fees paid to CGCIM or such affiliate (e.g., in general, 100% in the case of Carlyle's recently-formed Advisory Clients and 65-80% in older Advisory Clients) typically reduces the management fees otherwise payable to CGCIM. The governing agreement (or investment management agreement in the case of a separately managed account) of each Advisory Client sets forth the basis on which such fees reduce management fees. Such fees are described below.

Acquisition and disposition fees are one-time fees paid to CGCIM or one of its affiliates in connection with an investment or disposition by an Advisory Client. Such fees are generally paid by portfolio companies, but in limited circumstances are paid directly by an Advisory Client. Such fees are common to some, but not all Advisory Clients.

With regards to certain portfolio companies, including Global Credit portfolio companies, CGCIM or its affiliates receive a fee in connection with consulting, monitoring or other ongoing services provided to the portfolio company. CGCIM and its affiliates, such as CCS, may also receive fees in respect of administrative services provided to loan syndicates lending to an Advisory Client or a Carlyle-affiliated advisory client.

In the case of fees related to consulting, business transition, advisory or monitoring, these may be payable as fixed dollar amounts or may be calculated as a percentage of EBITDA (or other similar metric). The terms of a monitoring agreement may in certain instances provide for an acceleration of fees paid to CGCIM or its affiliates upon termination following certain milestones, such as an initial public offering or sale, and where the lump-sum termination fee may be calculated as the present value of hypothetical foregone future payments (which in some cases may extend past the term of the fund and may be based on an assumed growth in EBITDA or other metric used to calculate the fee) and be calculated using a discount rate as low as the risk-free rate, as determined by CGCIM. Alternatively, such fees may continue after a public offering or sale while Carlyle continues to have a board seat of until the Advisory Client's ownership level falls below a given threshold.

In the case of fees related to business transition services (which may be called "transaction fees" in certain situations), often times these will be calculated as a percentage of the total enterprise valuation of the transaction, which is generally the aggregate amount of funds raised (including invested capital, rolled-over equity and debt assumed or financed by the Advisory Client and/or the portfolio company and its subsidiaries and affiliates).

As a general matter, the portion of fees received from portfolio companies that is allocable to capital invested by internal and external co-investment vehicles will be retained by Carlyle and will not be applied to reduce the management fees paid by an Advisory Client fund (even if the governing agreements of such co-investment vehicles provide for lower or no management fees for the investors or participants therein). Investors in external co-investment vehicles may also be charged a one-time fee, an ongoing management fee and/or an administrative fee in connection with such co-investment activity. Furthermore, in the event break-up or topping fees are paid to an Advisory Client in connection with a transaction that is not ultimately consummated, external co-investment vehicles that invest alongside an Advisory Client will generally not be allocated any share of such break-up fees or toppings fees. Similarly, such external co-investment vehicles generally do not bear any portion of broken deal expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for unconsummated transactions; such amounts are borne by the applicable Advisory Client fund.

CGCIM engages and retains operating executives, operating advisors, consultants, former employees, senior advisors, and other similar professionals, in all cases, who are not employees of CGCIM ("Operating Professionals"). Operating Professionals receive payments from, or allocations with respect to, portfolio companies (as well as from Advisory Clients) for their services (including for serving on a portfolio company's board of directors). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or Advisory Clients will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by CGCIM, be deemed paid to or received by CGCIM (nor will such amounts be deemed paid to or received by affiliates or personnel of CGCIM) and such amounts will not be subject to the management fee offset provisions described in Item 5 (meaning that such compensation received from the portfolio company will be indirectly borne by the Advisory Client without any offset to such Advisory Client's management fee). To the extent Operating Professionals are engaged through a retainer agreement with CGCIM, Carlyle may elect to bear the expense of base retainer fees. These Operating Professionals may have the right or may be offered the ability to co-invest without fees or carry alongside or in Advisory Clients, including in those investments

in which they are involved, receive in-kind payments such as stock or stock options or otherwise participate in equity plans for management of any such portfolio company (which may have the effect of reducing the amount invested by and returned in respect of an Advisory Client investment). Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors alongside or in other Advisory Clients. Operating Professionals may be compensated (including pursuant to retainers and expense reimbursement) by CGCIM, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Operating Professionals may be subject to contractual obligations to exclusively provide certain services to CGCIM.

CCGIM may have a conflict of interest to the extent that it has an opportunity to earn a fee from an investment held by an Advisory Client. However, CGCIM believes that applicable management fee offset provisions described above and the substantial equity commitment by CCGIM and its affiliates in Advisory Clients substantially mitigates this potential conflict. Other than transactions expressly permitted by the governing agreements of the relevant Advisory Client, any fees paid to CGCIM or its affiliates by a portfolio company or an Advisory Client are required to be on an arm's-length basis on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party, are no less favorable than market terms, or approved by the Investor Advisory Committee. Among the measures CGCIM uses to mitigate such conflict is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Common Types of Expenses

Expenses that are typically borne by Advisory Clients (or their respective portfolio companies) generally include, without limitation (i) organizational expenses, (ii) expenses associated with redemptions, admissions and ongoing marketing, (iii) fees, costs and expenses (including indemnification costs and expenses) for administrators, custodians, depositaries, advisors, attorneys, accountants, tax advisors, consultants, appraisers, brokers, deal finders, agents, valuation experts, data providers (including data subscriptions, related systems and services from such data providers and data management software), other advisors and professionals (including audit and certification fees), operating executives, operating advisors, former employees, and other such professionals (to the extent such individuals are not Carlyle employees and are performing duties for a specific Advisory Client or a portfolio company, including but not limited to, service as a member of the portfolio company board of directors), (iv) costs incurred in preparing, printing and distributing reports physically and/or electronically to investors (including related information management systems whether maintained at Carlyle or otherwise), (v) all out-of-pocket fees, costs and expenses related to developing, sourcing, bidding on, evaluating, negotiating, structuring, obtaining regulatory approvals for, acquiring, purchasing, trading, settling, maintaining custody of, holding, operating, monitoring, financing, refinancing, accounting and disposing of actual or proposed investments (including related information management and trading systems, whether maintained at Carlyle or otherwise, and travel expenses, which includes, without limitation, meals, business or first class air travel, first class lodging, private car transportation, and may include the use of chartered travel or private flights, as appropriate and in accordance with travel policies, and any financing, legal, accounting, loan administration, advisory and consulting expenses in connection therewith (to the extent not reimbursed by an entity in which the Advisory Clients have invested or propose to invest or other third parties) and any costs and expenses arising from any foreign exchange or other currency transaction, specialty and custom software (including software for monitoring risk,

compliance and the overall portfolio, as well as related development costs, group purchasing programs for portfolio companies, and any insurance indemnity or litigation expense), (vi) broken deal expenses (including expenses that would have been borne by co-investment vehicles), to the extent not reimbursed by an entity in which the Advisory Clients have invested or propose to invest, or other third parties, (vii) brokerage commissions, prime brokerage fees, custodial expenses, agent bank fees, other bank service fees, travel and related expenses and other investment costs, fees and expenses incurred in connection with actual investments, (viii) costs of litigation, D&O liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Advisory Clients, including indemnification obligations to any placement agents and finders in connection with the offer any sale of interests in the Advisory Clients, (ix) out-of-pocket expenses incurred in connection with complying with provisions in side letter agreements, including “most favored nations” process and provisions, (x) out of pocket expenses incurred in connection with legal, tax, regulatory and statutory compliance with U.S. federal, state, local, non-U.S. or other law or regulation (including, without limitation, regulatory filings of CGCIM and its affiliates relating to an Advisory Client and its activities, including reporting on and compliance with Form PF, DAC 6, FATCA and CRS (each, defined below) and any comparable legislation or regulations published by any other relevant jurisdiction, and reports, disclosures, filings and notifications prepared in accordance with and with respect to the organization or maintenance of any entity used in connection with compliance by an Advisory Client (or its related vehicles) with the Directive (defined below) as well as any travel and accommodation expenses related to such entity; the salary and benefits of any personnel reasonably necessary for the maintenance of such entity; or other related overhead expenses), (xi) fees, costs and expenses related to the organization, operation or maintenance of any intermediate entity or similar administrative structure used to acquire, hold, dispose, or otherwise facilitate an Advisory Client’s investment activities (including, without limitation, any related travel and accommodation expenses, salaries and benefits of any personnel reasonably necessary for the operation or maintenance of such intermediate entities, or other related overhead expenses), (xii) expenses of dissolving, winding up and terminating the Advisory Clients and intermediate entities, (xiii) any taxes, fees or other governmental charges levied against the Advisory Clients or payable by the Advisory Clients and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Advisory Clients; (xiv) out-of-pocket costs and expenses, if any, associated with any third-party examinations or audits (including similar services) of the Advisory Clients, CIM Europe S.à.r.l. (the “CIM AIFM”), or CGCIM that are attributable to the operation of such Advisory Clients or requested by one or more investors in an Advisory Client, (xv) costs and expenses of any lenders, investment banks and other financing sources (including principal and interest and fees and other expenses arising out of borrowings made by Advisory Clients, including, but not limited to, the arranging thereof and any related expenses and professional fees incurred in connection with any procedure reports for lenders and any indemnification obligations and agent servicing fees), (xvi) the out-of-pocket and legal and other expenses of the Investor Advisory Committee (including, but not limited to, travel-related expenses for members and certain observers of certain Investor Advisory Committees), (xvii) certain expenses associated with any meeting or conference of the Advisory Clients (including meetings or conferences attended by investors in the Advisory Clients), (xviii) out-of-pocket expenses associated with completed transactions that are not reimbursed by the seller or capitalized as part of the acquisition price of the transaction, and (xix) to the extent not paid by an intermediate entity or its investors, the expenses of such intermediate entity or its investors (which expenses may in the general partners’ (or similar managing fiduciary’s) discretion be specially allocated to the investors with a direct or indirect interest in such intermediate entity).

Certain Advisory Clients are also required to bear the allocable compensation and other direct expenses of in-house accountants, administrators, legal, tax, compliance, leveraged purchasing, ESG (environmental, social and governance), IT system-support professionals, and other professionals whose roles with respect to the Advisory Client include the preparation of financial statements, investor reports, tax returns, the administration of assets and any expenses incurred in connection with the Advisory Client's (and any related feeder funds') legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation, or the support of the related IT systems. In connection with such expenses, the general partner of an Advisory Client may have a conflict of interest in allocating certain expenses among investors of the Advisory Client as well as among each Carlyle-sponsored investment vehicle and any co-investment vehicles.

In addition, CGCIM from time to time engages one or more fund administrators or similar service providers to perform certain functions in relation to an Advisory Client, including but not limited to, coordination of the Advisory Clients' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, review of Advisory Client marketing materials, initial and ongoing reviews of current or potential investors in support of anti-money laundering or know-your-customer requirements, support for the Advisory Clients' valuation process and support of certain investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting that the Advisory Clients are obligated to comply with. Certain employees of certain of such service providers dedicate substantially all of their time to Advisory Clients and spend all or a significant majority of their business time at the Carlyle offices. These expenses are borne by the Advisory Clients. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Carlyle, the general partner (or similar managing fiduciary), CGCIM or their affiliates as compared to services provided to the Advisory Clients and their portfolio companies, which may result in more favorable rates or arrangements than those payable by the Advisory Clients or such portfolio companies. Moreover, Carlyle or the Advisory Client may not be in a position to verify the risks or reliability of such service providers. The Advisory Client may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them.

Carlyle has designed a group purchasing program whereby portfolio companies are afforded the option to participate in group purchasing arrangements with Carlyle, its affiliates and other portfolio companies. Companies that participate in the program are able to take advantage of group discounts which have been negotiated with various vendors and service providers. Portfolio companies voluntarily participate in the program, and Carlyle allocates aggregate ongoing third-party administration costs for the program among the applicable Advisory Clients (and Carlyle). Carlyle and its affiliates also participate in the program, are allocated a portion of the ongoing third-party administration costs, and receive substantially the same benefits and discounts as portfolio companies, and such benefit is not subject to any offset.

From time to time, Advisory Clients may recruit a management team to pursue a new "platform" opportunity expected to lead to the formation of a future portfolio company. In other cases, Advisory Clients may form a new portfolio company and recruit a management team to build the portfolio company through acquisitions and organic growth. In both cases the Advisory Client will bear the expenses of the management team or portfolio company, as the case may be, including any overhead

expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company. Such expenses may be borne directly by the applicable Advisory Client as partnership expenses or indirectly as the Advisory Client bears the start-up and ongoing expenses of the newly-formed platform portfolio company. None of these expenses will offset any Advisory Client management fees.

Expenses frequently will be incurred by multiple Advisory Clients. Carlyle allocates aggregate costs among the applicable Advisory Clients (and, in certain cases, among Carlyle and applicable Advisory Clients) in accordance with allocation policies and procedures which are reasonably designed to allocate expenses in a fair and reasonable manner over time among such Advisory Clients. However, expense allocation decisions can involve potential conflicts of interest (*e.g.*, an incentive to favor Advisory Clients that pay higher incentive fees, conflicts relating to different expense arrangements with certain Advisory Clients, or allocations of certain in-house personnel expenses). Under its current expense allocation policies, Carlyle generally allocates the expense among the Advisory Clients on a *pro rata* basis based on assets under management. Carlyle may, however, use other methods to allocate certain expenses among the Advisory Client if it deems another method more appropriate based on the relative use of a product or service, the nature or source of the product or service, the relative benefits derived by the Advisory Clients from the product or service, or other relevant factors. Nonetheless, the portion of a common expense that Carlyle allocates to an Advisory Client for a particular product or service may not reflect the relative benefit derived by Advisory Client from that product or service in any particular instance. For example, certain expenses may be allocated across all investment vehicles comprising an Advisory Client regardless of whether each investment vehicle is directly incurring the expense. Carlyle's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by Carlyle in good faith will be final and binding on the Advisory Clients.

In addition, the BDCs also bear the costs associated with the private offering and any other offerings of the BDC common stock and other securities, if any.

MMCF Expenses

MMCF is subject to various expenses that the MMCF Members, by virtue of their membership interests, will indirectly bear on a *pro rata* basis. MMCF will incur expenses in connection with the formation, capitalization, financing and ongoing investment activity of MMCF. Certain of these expenses will include reimbursement of MMCF's administrator, which is an affiliate of CGCIM for costs incurred in connection with such activities.

Brokerage Expenses

Expenses paid to third parties in connection with the acquisition or disposition of investments are borne by the Advisory Clients. These expenses include brokerage commissions (direct or in the form of a spread), prime brokerage and other account fees, custodial expenses, agent bank and other bank service fees, travel and related expenses and other investment costs, fees, and expenses incurred in connection with completed investments. Brokerage and other transaction costs are also discussed in more detail in Item 12 – "Brokerage Practices".

Organizational/Offering Expenses

Typically, legal, accounting, filing and other expenses incurred in connection with organizing and establishing an Advisory Client, its general partner (or similar managing fiduciary), the general partner (or similar managing fiduciary) of the general partner, any entity established in connection with Carlyle's side-by-side commitment and its general partner or managing member, any vehicle formed to receive carried interest and its general partner or managing vehicle, as applicable, and the associated advisory arrangements with the investment adviser and its sub-advisers and the marketing and offering of interests in an Advisory Client (including travel and accommodation expenses, filing fees and expenses and printing costs or other similar amounts incurred by the general partner (or similar managing fiduciary) or its affiliates in connection with the offering of and subscription for interests in an Advisory Client) are borne by the investors in such Advisory Client. Often, the expenses borne by an Advisory Client are capped in the governing documents for the Advisory Client and any excess would offset future management fees. With respect to certain Advisory Clients, such expenses, up to the amount of any applicable cap, are borne solely by the third-party investors in such Advisory Clients that are not affiliated with Carlyle and any excess is borne by Carlyle. In addition, Carlyle may engage placement agents and finders (whether independent or employed by Carlyle) in connection with the offer and sale of interests to certain investors, but the fees due to such placement agents and finders, except to the extent paid to locally licensed intermediaries, representatives or distributors that an Advisory Client is legally required to engage in order to offer interests in such Advisory Client in particular jurisdictions or as otherwise disclosed to investors, either will be borne by Carlyle or to the extent paid by an Advisory Client will be treated as excess organizational expenses and will be subject to an offset against management fees.

Broken Deal Expenses

Investors in certain Advisory Clients generally are required to bear out-of-pocket costs and expenses incurred in connection with developing, negotiating and structuring deals that are not ultimately completed. Typically, these expenses include (i) legal, accounting, advisory, consulting or other third-party expenses (including, without limitation, amounts payable to Operating Professionals and other third parties) in connection with making an investment that is not ultimately consummated, and any related travel and accommodation expenses (whether incurred by third parties or by Carlyle), although, in some cases, CGCIM and its affiliates may be required to bear travel and accommodation expenses, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made, (iii) any amounts paid to an individual or group pursuing a business plan that is not successfully implemented, (iv) any break-up, reverse break-up, topping, termination and other similar fees payable by an Advisory Client in connection with investments that are not ultimately made and (v) any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made (in each case, to the extent such investment is not ultimately made by another Advisory Client). While Carlyle's internal co-investment vehicles that invest alongside our Advisory Client funds are allocated a portion of expenses, including, but not limited to, broken deal expenses, all other co-investment vehicles (particularly those formed to invest alongside an Advisory Client fund in a single investment) generally will not share in broken deal expenses. Investing in an Advisory Client does not give investors any rights, entitlements or priority to co-investment opportunities.

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

CGCIM currently acts as investment adviser or collateral manager to Advisory Clients, and related persons typically act as general partners (or similar managing fiduciaries) with respect to such Advisory Clients. As discussed in Item 5, CGCIM and its affiliates may receive carried interest allocations, and management, incentive and other fees in connection with advisory and other services provided to certain Advisory Clients. The relationship of CGCIM, the manner of calculation and application of carried interest profit allocation, management and incentive fees or other performance-based fees, as applicable, with respect to CGCIM, the affiliated general partner (or similar managing fiduciary) or other affiliates and known or reasonably anticipated conflicts of interest involving CGCIM or its affiliates, are disclosed in the offering documents of the applicable Advisory Client provided to potential investors prior to their investment.

Each Advisory Client typically has a specified investment objective defined by geography, industry, type of investment, investment strategy, investment size, risk/reward profile, projected hold period and/or other parameters. Investment opportunities that satisfy the investment objective of a particular Advisory Client typically will be allocated to that particular Advisory Client, although may be allocated among multiple Advisory Clients with overlapping investment objectives in accordance with Carlyle's investment allocation policies. Carlyle's Co-Chief Investment Officers and the investment or credit committee of the relevant Advisory Client have the discretion to construct what, in their business judgment, constitutes an appropriate investment portfolio for that Advisory Client. As such, in determining what they believe to be an appropriate portfolio for a particular Advisory Client, they may give consideration to factors in addition to those outlined above. As a result, it may not be desirable for an Advisory Client to participate in an investment opportunity or acquire all of an investment opportunity.

Generally, external co-investment vehicles are only allocated investment opportunities if CGCIM determines there is excess capacity in respect of a particular investment opportunity. In certain cases, however, an investment opportunity may be appropriate for more than one Advisory Client. As discussed in more detail in Item 11 below, these investment opportunities are allocated in accordance with Carlyle's written policies and procedures, taking into account the applicable provisions of the Advisory Client's investment advisory agreement, collateral management agreement or other governing document as well as regulatory restrictions applicable to the Advisory Client.

In allocating investment opportunities, there could be incentives to favor Advisory Clients with higher potential management or performance fees, incentive fees or carried interest allocations over Advisory Clients with lower potential performance fees, incentive fees or carried interest allocations⁶. Additionally, as described in Item 8, performance fee, incentive fee or carried interest allocations may create an incentive for the general partner (or similar managing fiduciary) of a Carlyle-sponsored investment vehicle advised by CGCIM to make riskier or more speculative investments on behalf of an Advisory Client than would be the case in the absence of this arrangement. Under the performance-based fee structure that applies to its management of TCG BDC and TCG BDC II, CGCIM may benefit

⁶ For example, if one Advisory Client is in a net loss position and another Advisory Client is in a net gain position, the Advisory Client in the net loss position will either (i) not generate a carried interest from such investment, or (ii) generate less carried interest from such investment to the extent profits are required to make up for previous losses.

when capital gains are recognized and, because CGCIM determines when an investment is sold, it controls the timing of the recognition of capital gains. The CGCIM incentive fee for each of TCG BDC, TCG BDC II and CDL CLO contains a hurdle rate, and other Advisory Clients may contain similar performance-based incentives. These fee structures may create an incentive for CGCIM to invest in higher-risk assets that would, if the investment were successful, improve CGCIM's likelihood of surpassing the hurdle rate or other performance-based incentives.

To seek to reduce the effect of such incentives, CGCIM and its affiliates have adopted written policies and procedures pursuant to which they seek to allocate investment opportunities that may be appropriate for more than one Advisory Client as well as advisory clients that are also served by CIM or Carlyle CLO Management in a fair and equitable manner bearing in mind, among other things, the size, investment objectives, mandate or policies, risk tolerance, return targets, projected hold periods, diversification considerations, permissible and preferred asset classes, and liquidity needs of each Advisory Client. The policy seeks to provide consistent treatment of such Advisory Clients with similar investment objectives and guidelines to the extent possible, consistent with legal, regulatory and contractual restrictions. CGCIM, and its affiliates, policies prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to Carlyle, CGCIM, any affiliates or their professionals, and may require the review and approval of Global Credit's allocation committee (comprising senior Carlyle personnel) for allocations of opportunities that may be appropriate for multiple Advisory Clients (or advisory clients). Each advisory client typically has its own investment guidelines, governing agreements and geographical and industry focus that must be taken into account when making investment allocation determinations.

ITEM 7. TYPES OF CLIENTS

The majority of CGCIM's Advisory Clients are pooled investment vehicles. CGCIM also provides advisory services to two BDCs, is the collateral manager to CDL CLO and is the sub-adviser to Private Credit RIC.

CGCIM and its affiliates typically require that each third-party investor in an Advisory Client be an "accredited investor" as defined in Regulation D under the Securities Act and a "qualified purchaser" as defined in the 1940 Act. Typically, a minimum investment amount is imposed on third parties investing in the investment vehicles for which CGCIM acts as investment adviser or collateral manager. This minimum often is set at \$5-10 million, but can be subject to a reduction upon prior agreement by CGCIM or an affiliate (subject to applicable legal requirements). A minimum investment amount can also be established pursuant to the laws of the jurisdiction in which the investment vehicle was established.

As noted above, shares of common stock of TCG BDC trade on the Nasdaq Global Select Market under the symbol "CGBD." The offer and sale of shares of TCG BDC II BDC common stock are not registered under the Securities Act. Private Credit RIC is a continuously offered, non-diversified closed-end management investment company that is operated as an interval fund. Private Credit RIC accepts initial and additional purchases of shares on the first business day of each calendar month, and conducts quarterly repurchase offers for a limited amount of its shares (at least 5%).

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

In General

CGCIM uses a range of methods to identify, analyze and assess potential and existing investment opportunities, descriptions of which are included in the applicable offering documents and other governing documents. Such methods may include arrangements with affiliated or unaffiliated advisers for purposes of obtaining analyses that would assist the applicable investment or credit committees in their investment decision-making processes. More specific descriptions are provided below regarding the investment strategies and investment processes, as they pertain generally to each category of credit investments applicable to CGCIM. As a general matter, analytical methods used by the investment teams can include gain/loss forecast models, cash-flow models, other financial modeling and simulation, risk sensitivity analyses, charting, and fundamental, technical and cyclical analysis.

Investments managed by CGCIM on behalf of its Advisory Clients focus on credit opportunities and other market strategies throughout the entire business cycle. These investment vehicles include loans and structured credit, distressed credit, opportunistic credit, direct lending, and energy credit, and generally invest in loans and bonds, distressed, synthetic products, and other forms of direct lending or private credit, although certain investment vehicles also have the flexibility to make equity investments. CGCIM's investment goals include generating attractive current income, risk-adjusted returns, and capital appreciation, while avoiding defaults, maximizing recoveries, and preserving principal. Each of CGCIM's Global Credit teams seeks to use its specialized expertise to identify investment opportunities by employing fundamental and technical analysis subject to eligibility criteria, Advisory Client objectives and investment guidelines.

- ***Direct Lending Investment Team:*** The direct lending investment team seeks to generate current income and capital appreciation primarily by investing in debt investments in U.S. middle market companies, defined as companies with approximately \$10 million to \$100 million of EBITDA primarily through direct originations of secured debt, including first lien senior secured loans (which may include stand-alone first lien loans, first lien/last out loans and "unitranche" loans) and second lien senior secured loans (collectively, "Middle Market Senior Loans"), with the balance of the assets invested in higher yielding investments (which may include unsecured debt, mezzanine debt and investments in equities). The Middle Market Senior Loans are generally made to private U.S. middle market companies that are, in many cases, controlled by private equity firms or in which private equity firms otherwise hold, directly or indirectly, a financial interest in the form of debt and/or equity. The diligence process typically includes intensive credit analysis, meetings with management, discussions with industry analysts and in-depth examinations of financial results and projections. The direct lending investment team closely monitors investments through regular meetings and communication with management and equity sponsors and conducts internal ongoing reviews of individual credits, market activity and the current trading environment.
- ***Opportunistic Credit Investment Team:*** The opportunistic credit investment team seeks to generate attractive risk-adjusted returns by focusing on asymmetric risk-return opportunities across the capital structure that are complex, misunderstood, and/or overlooked situations

attracting a limited, non-traditional credit investor base. The investment team seeks to invest in a range of private and public credit instruments primarily in North America and Europe. The diligence process for such investments includes sourcing investments through relationships, industry experience and reciprocal strategies, conducting weekly pipeline meetings and initial screening of potential investments, and employing a rigorous, bottom-up fundamental research model focused on cash flow generation, catalysts to realizing estimated economic intrinsic value and return convexity.

- ***Energy Credit Investment Team:*** The energy credit investment team reviews credit opportunities, including senior secured and mezzanine debt, royalty interests, production payments, net profits interest, secondary debt and equity co-investments, primarily in North America throughout the energy and power sector based on investment targets and criteria which include collateralization by hard assets, measured leverage, current cash pay and proven technology, experienced management teams, and strong sponsorship. The methods of analysis utilized for such investments include fundamental credit, valuation, technological/operations, structural protections, and market analysis.
- ***Distressed Credit Investment Team:*** The distressed credit investment team is responsible for reviewing and approving the purchase or sale of all direct equity investments or the acquisition of distressed companies or assets of distressed companies when the value or the prospect of exerting influence or obtaining control is compelling. With respect to traded debt and equity investments, the lead investment professionals advising each Advisory Client are authorized to grant final approval of an investment in or disposition of traded secured or unsecured debt and traded equity investments within prescribed limits of that Advisory Client. The diligence process for such investments includes sourcing investments that are available for purchase at discounts to what CGCIM believes to be fundamental value and where CGCIM may have an opportunity to exert influence or obtain control in a restructuring, utilizing traditional private equity disciplines and the restructuring and distressed investing experience of the distressed credit investment team, and undergoing a bottom-up review of each potential investment's competitive strengths and weaknesses.
- ***Loans and Structured Credit Investment Team:*** The loans and structured credit investment team provides advisory services on behalf of CGCIM in respect of the Carlyle Structured Credit fund⁷, which seeks to invest in the debt and equity tranches of unaffiliated CLOs that are backed by senior secured corporate loans made to companies operating primarily in the U.S. or Europe. The fund focuses on investments sourced from the secondary market that are priced at a substantial discount to par. The method of analysis for each investment opportunity may include review of the underlying credit portfolio, key deal metrics, legal structure, manager performance and cashflows. The loans and structured credit investment team will consider investments in the context of macro-economic factors such as interest rate environment, credit trends, and regulatory environment.

⁷In addition to the Carlyle Structured Credit fund managed by CGCIM, the U.S. structured credit investment team also provides services on behalf of CIM (and its relying advisor, Carlyle CLO Management) in respect of its CLO advisory clients, which are active in the structured credit space. For additional information, please see Part 2 of Form ADV for CIM, available at: <http://www.adviserinfo.sec.gov/>.

INVESTMENT RISKS

An investment in any Advisory Client involves a high degree of risk, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such Advisory Client and for which such Advisory Client does not represent a complete investment program. There can be no assurance that the investment objective of any Advisory Client will be achieved, that any Advisory Client will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to any Advisory Client. The discussion below enumerates certain, but not all, risk factors that apply generally to an investment in any Advisory Client.

Prior to making any investment in an Advisory Client, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Advisory Client. In addition, risk factors relating to an investment in a BDC are set forth in the respective BDC's latest annual report on Form 10-K filed with the SEC and, if applicable, its subsequent quarterly reports on Form 10-Q filed with the SEC.

No Assurance of Investment Return

There can be no assurance that any Advisory Client will (i) be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Advisory Client participates or (ii) make any distribution to its investors. Accordingly, an investment in an Advisory Client should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. **Past performance is not necessarily indicative of future results and all investors should be prepared to lose the value of their investment. There can be no assurance that projected or targeted returns for any Advisory Client will be achieved.**

Role of Carlyle Investment Professionals

The success of each Advisory Client will depend in part upon Carlyle's ability to attract and retain talented investment professionals, the skill and expertise of the investment professionals in Global Credit who manage that Advisory Client's investment program and, where applicable, the management of portfolio companies or other investments held by the Advisory Client. There can be no assurance that such professionals will continue to be associated with Carlyle throughout the life of any Advisory Client and a loss of the services of key personnel could impair Carlyle's ability to provide services to an Advisory Client. There is ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that Carlyle personnel will not be solicited by and join competitors or other firms and/or that Carlyle will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. In addition, members of the investment team or investment or credit committee of a particular Advisory Client will work on other projects for Carlyle, including providing advice to non-CGCIM advisory clients. Conflicts may arise in allocating management time, services or functions, and Carlyle's ability to access other professionals and resources within Carlyle for the benefit of a particular Advisory Client may be limited.

Such access may also be limited by the internal compliance policies of Carlyle, including, without limitation, information barrier policies, or other legal or business considerations.

Although Carlyle's founders remain committed to Carlyle's business, they and other key personnel are not obligated to remain employed by Carlyle. If they were to depart from Carlyle it could have an adverse impact on certain of Carlyle's future operations.

Reliance on the General Partner (or Similar Managing Fiduciary) and Investment Adviser or Collateral Manager of the Advisory Client

The general partner (or similar managing fiduciary) and investment adviser or collateral manager of an Advisory Client will have responsibility for an Advisory Client's activities, and, other than as may be set forth in Advisory Client's governing documents, investors will have no opportunity to control the day-to-day operation of an Advisory Client or make investment, disposition or any other decisions concerning the management of an Advisory Client.

Material Risk Relating to Methods of Investment Analysis

CGCIM seeks to conduct reasonable and appropriate analysis and due diligence with respect to investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, CGCIM relies on available resources, including information provided by the target of the investment and, in some circumstances, third-party investigations. As a result, the due diligence process may at times be subjective. Accordingly, CGCIM cannot be certain that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including irregular accounting, employee misconduct and other fraudulent practices) that may be necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities. In the event of fraud by any Advisory Client portfolio company or any of such portfolio company's managers or affiliates, an Advisory Client may suffer a partial or total loss of capital invested in such portfolio company, and there can be no assurance that any such losses will be offset by gains (if any) realized on an Advisory Client's other investments.

CGCIM will generally negotiate the pricing of transactions, establish the capital structure of an investment (where applicable) and the terms and targeted returns of such investment on the basis of financial, macroeconomic, and other applicable projections. Estimated operating results will normally be based primarily on investment professional or management judgments, or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the assumptions will be accurate or that the estimated results will be achieved, and actual results may vary significantly from the projections. General economic, political and market conditions, which are difficult to predict, can have an adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth, or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith may, due to various risks and uncertainties including those described herein, differ materially from actual results. Other participants in the industry may disagree

with the feasibility of projections and investors should make their own determination about the prospects of any Advisory Client.

Effect of Substantial Losses on the Operations of CGCIM and the General Partner of Each Advisory Client

If, due to extraordinary market conditions or other reasons, an Advisory Client or any of its affiliates were to incur substantial losses, the revenues of CGCIM and its affiliates may decline substantially. Such losses may hamper CGCIM and its affiliates' ability to (i) retain employees and (ii) provide the same level of service to such Advisory Client as it has in the past.

Misconduct of Carlyle Personnel; Third-Party Service Providers

Misconduct by employees or by third-party service providers could cause significant losses to an Advisory Client. Employee misconduct could include, among other things, binding an Advisory Client to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), or otherwise charging (or seeking to charge) inappropriate expenses to an Advisory Client or Carlyle. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Advisory Client's business prospects or future activities. Furthermore, because of Carlyle's diverse businesses and the regulatory regimes under which they operate, misdeeds by a Carlyle entity (or its personnel) may result in foreclosing an Advisory Client's ability to conduct its activities in the manner otherwise intended. It is not always possible to deter misconduct by employees or service providers, and the precautions the Carlyle takes to detect and prevent this activity may not be effective in all cases.

Lack of Operating History

Each Carlyle-sponsored investment vehicle advised by CGCIM will initially be a newly-formed entity which has not commenced operations and therefore will have no operating history upon which an investor may evaluate its performance. The prior experience of CGCIM, the investment professionals or the performance of any other Carlyle investment does not provide assurance of future investment performance or returns.

Uncertainty in the U.S. and Global Financial Markets

In recent years, the U.S. and global financial markets and the broader current financial environment have been and continue to be characterized by uncertainty, volatility and instability. Lending and the global credit markets continue to experience substantial volatility, disruption, liquidity shortages and, to some extent, financial instability. There can be no assurances that conditions in the U.S. and global financial markets will not worsen or adversely affect one or more of an Advisory Client's portfolio companies or other investments, its access to capital or leverage, its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

Continuation of Trends and Conditions

The investment strategies of Advisory Clients and the availability of opportunities satisfying Advisory Clients' investment objectives rely in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurances that the assumptions made or the beliefs and expectations currently held by CGCIM will prove correct and actual events and circumstances may vary significantly.

Market Conditions and Financial Market Fluctuations

A combination of lack of liquidity and regulatory constraints on the amount of debt banks may extend for transactions in the capital markets may make it significantly more difficult for sponsors such as Carlyle to obtain favorable financing for investments, and the financing that is available may be on significantly less favorable terms than had been prevailing in the past. Carlyle may be required to finance transactions with a greater proportion of equity relative to prior periods. General fluctuations in the market prices of securities may affect the value of the investments held by an Advisory Client. Instability in the securities markets may also increase the risks inherent in an Advisory Client's investments. The ability of Advisory Client investments to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, or to raise capital in the leveraged finance debt markets, which historically have been cyclical with regard to the availability of financing.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty.

Potential competitors include, without limitation, other investment partnerships and corporations, business development companies, strategic industry acquirers, sovereign wealth funds, domestic and international public pension plans, the public debt and equity markets, individuals and other financial investors investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial and other resources and more personnel than Carlyle. It is possible that competition for appropriate investment opportunities may increase, which may also require certain Advisory Clients potentially to participate in auctions more frequently. The outcome of these auctions cannot be guaranteed, thus potentially reducing the number of opportunities available to such Advisory Clients and potentially adversely affecting the terms, including price, upon which investments can be made. To the extent that the Advisory Clients encounter competition for investments, returns to investors may decrease. Further, it is possible that private equity sponsors unaffiliated with Carlyle may be reluctant to present financing opportunities to certain Advisory Clients because of their affiliation with Carlyle. Advisory Clients may incur bid, legal, due diligence and other costs on investments which may not be successful.

There can be no assurance that CGCIM on behalf of an Advisory Client will be able to locate, consummate and exit investments that satisfy its target equity range rate of return objectives or realize upon their values, or that it will be able to invest fully its committed capital.

In addition, Carlyle's investment strategies in certain sectors depend on its ability to enter into satisfactory relationships with joint venture partners or Operating Professionals. There can be no assurance that Carlyle's current relationship with any such partner or Operating Professional will continue (whether on currently applicable terms or otherwise) with respect to the Advisory Clients or that any relationship with other such persons will be able to be established in the future as desired with respect to any sector or geographic market and on terms favorable to the Advisory Clients.

Illiquid and Long-Term Investments

Investment in an Advisory Client may require a long-term commitment with no certainty of return. Certain Advisory Client's investments will be highly illiquid, and there can be no assurance that an Advisory Client will be able to realize of such investments (in whole or in part) in a timely manner. An Advisory Client's ability to realize an investment can be dependent on the public equity markets (*e.g.*, demand for new public offerings and security sales) and investments in publicly-traded securities are subject to restrictions under relevant securities laws (*e.g.*, Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act")). Although investments may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of such investment. Even with respect to strategies in which investors have certain liquidity rights or rights to request redemption or withdrawal during the life of the fund pursuant to the terms of the fund, the general partner (or similar managing fiduciary) still has significant discretion to limit or restrict such liquidity rights, and therefore, no assurance can be given that investors can redeem or withdraw their investments.

Investments Longer than Term

Each Carlyle-sponsored investment vehicle may make investments that may not be advantageously disposed of prior to the date that the winding up of such investment vehicle commences, either by expiration of its term or otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds of the liquidation of the remaining assets to investors will occur.

Risk of Limited Number of Investments

An Advisory Client may participate in a limited number of investments and, as a consequence, the aggregate return of such Advisory Client may be substantially adversely affected by the unfavorable performance of even a single investment. In addition, other than as set forth in the applicable Advisory Client's governing documents (or investment management agreement in the case of a separately managed account or as required by applicable law), investors have no assurance as to the degree of diversification of an Advisory Client's investments, either by geographic region, industry or transaction type.

Confidential or Material, Non-Public Information

By reason of their responsibilities in connection with other activities of Carlyle, certain CGCIM investment professionals may acquire confidential or material, non-public information concerning an entity in which Advisory Clients have invested, or propose to invest, and the possession of such information may limit the ability of CGCIM and other investment advisers and personnel in Global

Credit to buy or sell particular instruments of such entity on behalf of Advisory Clients, thereby limiting the investment opportunities or exit strategies available to the Advisory Clients. In addition, holdings in the instruments of an issuer by Carlyle or its affiliates may affect the ability of Advisory Clients to make certain acquisitions of or enter into certain transactions with such issuer.

CCS and separately-registered investment advisers affiliated with CGCIM may acquire commercially-sensitive confidential or material, non-public information concerning an entity in which Advisory Clients of CGCIM have invested, or propose to invest, and the possession of such information may limit the ability of CGCIM to buy or sell particular securities of such entity on behalf of certain of its Advisory Clients, thereby limiting the investment opportunities or exit strategies available to the Advisory Clients of CGCIM. Certain information barriers have been introduced to limit the flow of such material, non-public information; however, this risk still exists, including in the context of advisory clients within Global Credit.

Carlyle has erected an information barrier to segregate the flow of material, non-public information between Global Credit and the rest of Carlyle (the “Global Credit Information Barrier”). The purpose of this information barrier is, among other things, to insulate material, non-public information, such that the investment activities of Global Credit, on the one hand, and the rest of Carlyle, on the other hand, are not otherwise restricted because one business unit may have material, non-public information that would be imputed to the other business unit in the absence of an information barrier. From time to time Carlyle may permit an investment professional within Global Credit to participate in certain Carlyle-related investment advisory activities outside of Global Credit. To the extent such investment professional acquires material, non-public information in connection with such activities Global Credit may be restricted from making certain investments.

The establishment and maintenance of the information barrier discussed above means Global Credit will generally not be able to use, act on or otherwise be aware of confidential information otherwise known by or in the possession of the rest of Carlyle (and vice-versa), and collaboration between personnel associated with Global Credit, on the one hand, and personnel of the rest of Carlyle, on the other hand, may be limited, reducing potential synergies.

Carlyle has also erected an information barrier between CCS and the rest of Carlyle (the “CCS Information Barrier”). The CCS Information Barrier is designed to address similar risks as the Global Credit Information Barrier including failure to secure the flow of confidential between CCS and the rest of Carlyle, including Global Credit. Within Carlyle Aviation Partners, there is an information barrier affecting CASP, the purpose of which is to control the flow of material, non-public information to CASP.

At the same time, as discussed more fully in Item 10, within Global Credit, there is no information barrier between supervised persons of CGCIM and other Carlyle-affiliated advisers that are part of the group (with the exception of CASP). Therefore, CGCIM may in some cases be unable to trade on behalf of certain Advisory Clients because all of Global Credit is restricted from trading.

Carlyle has established and is expected to continue to establish, additional information barriers as-needed, including with regards to investments of CGCIM’s Advisory Clients in the financial services sector.

Compliance with Anti-Money Laundering and Know Your Customer Requirements

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the general partner of an Advisory Client may request investors to provide additional documentation verifying, among other things, such investors' identity and source of funds used to purchase the interests of such Advisory Client. The general partner of an Advisory Client may decline to accept a subscription on the basis that such information that is provided or if this information is not provided. Requests for documentation and additional information may be made at any time during which an investor holds an interest in an Advisory Client. Such general partner may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided.

Currency and Exchange Rate Risks

A portion of an Advisory Client's investments, and the income received by an Advisory Client with respect to such investments, may be denominated in foreign currencies. However, unless otherwise provided in an Advisory Client's governing documents, the books of an Advisory Client generally will be maintained and capital contributions to and distributions from such Advisory Client generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates may adversely affect the dollar value of investments, interest and dividends received by an Advisory Client, gains and losses realized on the sale of investments, and the amount of distributions, if any, to be made by an Advisory Client.

Interests in Advisory Clients may be denominated in different currencies. For example, a U.S. dollar-denominated Advisory Client and a Euro-denominated Advisory Client may invest in the same European transaction. Because currency-exchange rates can be volatile and fluctuate sharply, one Advisory Client may benefit from an exchange rate fluctuation, while another may not, creating the potential that one Advisory Client may benefit more from the same investment relative to another Advisory Client denominated in a different currency. Similar considerations apply in respect of a parallel or feeder fund of an Advisory Client that is denominated in a different currency than the main fund of an Advisory Client. Similarly, investors from any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. It should be noted that the fees, costs and expenses incurred by an investor in converting their local currency to U.S. dollars (if applicable) in order to meet capital calls will be borne solely by such investor and will be in addition to the amounts required by such capital call (and will not be part of or otherwise reduce an investor's capital commitments and/or unfunded capital commitments, as applicable).

Carlyle may enter into hedging transactions, if available, designed to reduce such currency risks with respect to an Advisory Client. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Further, such hedging transactions could result in diminished returns (or increased losses on capital) to the extent overall returns are less than an Advisory Client's costs or losses associated with such hedging transactions.

Risks Associated with Hedging Transactions

In connection with the acquisition, holding or disposition of certain investments, an Advisory Client may employ hedging techniques designed to reduce certain risks, including, among others, adverse movements in interest rates, securities prices and currency exchange rates. While an Advisory Client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates, or the transactional fees associated with such mechanisms may result in a poorer overall performance for such Advisory Client than if it had not entered into such hedging transactions. These arrangements may also require the posting of cash collateral at a time when the Advisory Client has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, which may reduce the returns generated by the Advisory Client.

Managers of certain pooled investment vehicles with exposure in commodity interests may be required to register with the U.S. Commodity Futures Trading Commission (“CFTC”) as commodity pool operators (“CPOs”) and/or commodity trading advisors (“CTAs”) and become members of the National Futures Association (the “NFA”). In connection with their hedging/risk management (and other) swap activity, applicable Advisory Clients and their related general partners generally seek to rely on an exemption from registration available to entities with *de minimis* levels of swap exposure. However, to the extent that such swap activity exceeds these *de minimis* thresholds (or the Advisory Clients and their general partners otherwise fail to file for an applicable exemption), CIM, as the investment manager with respect to such Advisory Clients, may be required to register with the CFTC. In addition, as a result of their hedging/risk management (and other) swap activity, certain Advisory Clients or related entities also may be subject to a wide range of other regulatory requirements, such as: (i) potential compliance with certain commodities interest position limits or position accountability rules; (ii) administrative requirements, including recordkeeping, confirmation of transactions and reconciliation of trade data; (iii) mandatory central clearing and collateral requirements; and (iv) initial and variation margin requirements for uncleared swap transactions. Furthermore, any determination to cease or to limit investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC and/or available exemptions may have an adverse effect on an Advisory Client’s ability to implement its investment objectives and to hedge risks associated with its operations.

Interest Rate Risks

In order to seek to reduce the interest rate risk inherent in an Advisory Client’s underlying investments and capital structure, an Advisory Client may enter into interest rate transactions, including but not limited to interest rate swaps and caps. Depending on the state of interest rates in general, an Advisory Client’s use of interest rate transactions could enhance or harm the overall performance of the Advisory Client.

The London Inter-bank Offered Rate (“LIBOR”) and certain other interest rate "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences which cannot be predicted. There is no guarantee that a transition from LIBOR to an alternative will not

result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could negatively impact Advisory Clients.

Pay-to-Play Laws, Regulations and Policies

In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. Carlyle has adopted policies and procedures to account for these pay-to-play laws, regulations or policies, and to comply with the New York Attorney General's Public Pension Fund Reform Code of Conduct (the “Pension Fund Reform Code”), which governs Carlyle’s interactions with U.S. public pension funds. If CGCIM, the general partner of an Advisory Client or their associated employees or affiliates fail to comply with the Pension Fund Reform Code or such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on an Advisory Client by, for example, providing the basis for the withdrawal of the affected government plan investor.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes could occur during the term of a CGCIM-sponsored investment vehicle that may adversely affect such Advisory Client (or term of the applicable investment management agreement in the case of a separately managed account). The regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of investments held by an Advisory Client and the ability of such Advisory Client to effectively employ its investment and trading strategies. Increased scrutiny and newly-proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on CGCIM and may divert time and attention from portfolio management activities. For example, the interest payments on the indebtedness used to finance Advisory Client investments have historically been deductible expenses for income tax purposes, subject to limitations under applicable tax law and policy, and under December 2017 U.S. tax law changes (defined below as the “Tax Act”), defined below, the availability of the deduction of certain interest expenses may be limited. Any change in such tax law or policy to eliminate or substantially limit these income tax deductions, as has been discussed from time to time in various jurisdictions, would reduce the after-tax rates of return on the affected investments, which may have an adverse impact on the financial results of affected Advisory Client investments.

There is a material risk that regulatory agencies in the United States, Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the alternative asset management (including public or private markets), or other changes that could adversely affect alternative investment firms and the funds they sponsor, including an Advisory Client. In addition, and in particular in light of the changing global regulatory climate, Advisory Clients may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in

certain non-U.S. jurisdictions in order to market to potential investors, which may generally limit an Advisory Client's ability to raise capital and/or increase the costs and expenses borne by the investors in such Advisory Clients. Furthermore, the OECD, as defined below, has proposed changes to numerous long-standing principles through its base erosion and profit shifting project. Several of the proposed measures, including measures covering treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements are potentially relevant to investment structures and could have an adverse impact on each Advisory Client and investors.

In March 2018, the U.S. imposed an additional 25% tariff under Section 232 of the Trade Expansion Act of 1962, as amended, on steel products, including stainless steel, imported into the U.S. These new tariffs, or other changes in U.S. trade policy, have resulted in, and may continue to trigger, retaliatory actions by affected countries. Certain foreign governments have instituted or are considering imposing trade sanctions on certain U.S. goods. Others are considering the imposition of sanctions that will deny U.S. companies access to critical raw materials. A "trade war" of this nature or other governmental action related to tariffs or international trade agreements or policies has the potential to further increase costs, decrease margins, reduce the competitiveness of products and services offered by current and future portfolio companies and adversely affect the revenues and profitability of companies whose businesses rely on goods imported from outside of the U.S.

Actions of the Committee on Foreign Investment in the United States

The actions of the Committee on Foreign Investment in the United States ("CFIUS"), an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a non-U.S. person, may adversely impact the prospects of a portfolio company in the context of mergers with, or acquisitions by, a non-U.S. person. CFIUS may recommend that the U.S. President block such transactions, or CFIUS may impose conditions on such transactions, certain of which may materially and adversely affect an Advisory Client's ability to execute its investment strategy. In addition, a set of reform measures known as the U.S. Foreign Investment Risk Review Modernization Act ("FIRRMA"), was enacted into U.S. law, which broadens the jurisdiction of the CFIUS with respect to certain investments, including investments in certain companies that do not confer potential control over a U.S. business by a non-U.S. person. Such legislation could impact the participation in an Advisory Client's investments by non-U.S. investors, which in the aggregate may hold a significant portion of the interests in such Advisory Client. FIRRMA could expand the ability of CFIUS to review an Advisory Client's acquisition or disposition of certain investments. The reforms enacted by FIRRMA include (i) a requirement of mandatory disclosures to CFIUS of all transactions in which a non-U.S. government owned or controlled entity proposes to acquire a substantial interest in a U.S. business active in critical infrastructure, critical technologies, or which has access to sensitive personal data of U.S. citizens if such data might be exploited in a manner that threatens national security, and (ii) jurisdiction for CFIUS to review any investment (other than truly passive investment) by a non-U.S. person in the same types of companies regardless of the percentage ownership interest of the non-U.S. person. While the precise contours of CFIUS's expanded jurisdiction will be defined by the formal regulatory rule-making process, FIRRMA may increase the number of transactions involving an Advisory Client that would be subject to CFIUS review and investigation and the timing and substantive risks described above. Although the outcome of the CFIUS process may be difficult to predict, there is no guarantee that, if applicable to a portfolio company, the decisions of CFIUS would not adversely impact an Advisory Client's investment in such company. An Advisory Client's governing document may include certain provisions that may

require investors that are, or are instrumentalities of, a non-U.S. government to be excluded from participating in an investment that may be deemed sensitive from a national security perspective.

Regulatory Approvals

Government entities may exercise their discretion to change or increase regulation of a portfolio company's operations, or to implement laws, regulations or policies affecting the portfolio company's operations, separate from any contractual rights they may have, in a manner that causes delays or adversely affects the operation of the business of such portfolio companies and/or the applicable Advisory Client's ability to effectively achieve its investment objectives. A portfolio company (or project) also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by a portfolio company or gains recognized by an Advisory Client on its investment in such portfolio company that could impact a portfolio company's business as well as such Advisory Client's return on investment with respect to such portfolio company. There can be no assurance that a portfolio company will be able to: (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals.

Cybersecurity Breaches, Identity Theft, Privacy Breaches and Other Threats

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. As part of its business, CGCIM processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Advisory Clients and personally identifiable information regarding investors, employees, and portfolio companies. Similarly, service providers of CGCIM or an Advisory Client, especially an administrator, may process, store and transmit such information. Carlyle's, its Advisory Clients' and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, security threats (including ongoing cybersecurity threats to and attacks on our information technology infrastructure), infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, an Advisory Client and/or a portfolio company and/or issuer may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Carlyle's, its Advisory Client's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors, employees, and portfolio companies. A cybersecurity incident or data privacy breach could have numerous material adverse effects, including on the operations, liquidity and financial condition of an Advisory Client. Cyber threats and/or incidents or data privacy breaches could cause financial costs from the theft of Advisory Client assets (including proprietary information and

intellectual property) as well as numerous unforeseen costs including, but not limited to: costs related to regulatory intervention or fines (including under the European General Data Protection Regulation (the “GDPR”)), litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which could be materially adverse to an Advisory Client. The costs related to cyber or other security threats or disruptions or data privacy breaches may not be fully insured or indemnified by other means.

The service providers of Carlyle and its Advisory Clients are subject to the same information security threats as Carlyle. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of any Advisory Client and personally identifiable information of the investors (and beneficial owners thereof) may be lost or improperly accessed, used or disclosed.

Future Investment Techniques and Instruments

An Advisory Client may employ investment techniques and invest in other instruments that such Advisory Client’s general partner believes will help achieve the Advisory Client’s investment objective. Although such investment techniques or instruments are required not to violate specific investment restrictions or limitations for the Advisory Client, such investment techniques and instruments may not be specifically described in such Advisory Client’s governing documents or offering materials. Such investments may also entail risks not described herein or in such Advisory Client’s governing documents or offering materials. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful investments and, ultimately, losses to an Advisory Client. In addition, any new investment strategy or technique developed by an Advisory Client may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment an Advisory Client.

Non-U.S. Investments

For an Advisory Client that invests in a non-U.S. country, investments involve certain risks not typically associated with investing in the instruments of an issuer domiciled in United States, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which such Advisory Client’s non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between the U.S. and non-U.S. securities and credit markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries; (v) certain economic, social and political risks, including potential exchange-control regulations and restrictions on non-U.S. investments and repatriation of capital, the risks associated with political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation and adverse economic and political development; (vi) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities or instruments; (vii) differing, and potentially less well-developed or well-tested laws regarding creditor’s rights (including the rights of secured parties), corporate governance, fiduciary duties and the protection

of investors and intellectual property rights; (viii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (ix) political hostility to investments by foreign or private equity investors; and (x) less publicly available information.

In addition, an Advisory Client's investments in emerging markets may be subject to a greater risk of loss than investments in more developed and traditional markets (such as the United States and Europe). Emerging markets are more likely to experience inflation, currency and liquidity risks, geopolitical turmoil, and rapid changes in economic conditions than more developed and traditional markets. Emerging markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities. Predictions about general economic and market conditions are uncertain and the impact of such factors will be larger or smaller depending on the types of investments and the markets in which they trade.

Risks from Operations of Other Portfolio Companies

It is possible that the activities of one portfolio company may have adverse consequences on one or more other portfolio companies, even in cases where the portfolio companies are held by different Carlyle-sponsored investment vehicles and have no other connection to each other. In particular, the laws and regulations governing the limited liability of such companies vary from jurisdiction to jurisdiction, and in certain contexts (including, by way of example only, bankruptcy, environmental liabilities, consumer protection or pension / labor law matters) the laws of certain jurisdictions may provide not only for carve-outs from limited liability protection for the portfolio company that has incurred the liabilities, but also for recourse to assets of other entities under common control with, or that are part of the same economic group as, such company. For example, if one of Carlyle's investments is subject to bankruptcy or insolvency proceedings in a jurisdiction and is found to have liabilities under the local consumer protection laws, the laws of that jurisdiction may permit authorities or creditors to file a lien on, or to otherwise have recourse to, assets held by other Carlyle portfolio companies in that jurisdiction. There can be no assurance that any Advisory Client will not be adversely affected as a result of the foregoing risks.

Industry-Specific Investments

For an Advisory Client that invests in a particular industry, investments involve certain additional material risks. For example, the communications and technology industries, are heavily regulated. Other more highly regulated industries may include energy, power, natural resources, healthcare, financial services (including banking and mortgage servicing), insurance and also businesses that primarily serve customers that are governmental entities, including in the defense industry. In particular, financial services institutions are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. The profitability of the financial services industry may be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal or other policies that are adopted by various governmental authorities and international bodies. Monetary policies have had, and will continue to have, significant effects on the operations and results of financial services institutions. In addition, the financial services

industry is highly dependent on communication and information systems and is exposed to many types of operational risks. Furthermore, financial services institutions operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities.

Unionized Labor

Additionally, certain portfolio companies may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have an adverse effect on its business, results of operations and financial condition.

ERISA Considerations

Operating a Carlyle-sponsored investment vehicle as a "venture capital operating company" ("VCOC") within the meaning of the regulations promulgated under Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") would require that such investment vehicle obtain rights to substantially participate in or influence the conduct of the management of a number of its portfolio investments. The designation of directors and other measures contemplated could expose the assets of such investment vehicle to claims by a portfolio company, its security holders and its creditors.

In the event a Carlyle-sponsored investment vehicle is operated to qualify as a VCOC or a "real estate operating company" ("REOC") within the meaning of the regulations promulgated under ERISA in order to avoid holding "plan assets" within the meaning of ERISA, such investment vehicle may be restricted or precluded from making certain investments. In addition, it could be necessary to liquidate investments at a disadvantageous time in order to avoid holding ERISA "plan assets," resulting in lower proceeds to such investment vehicle than might have been the case without the need to qualify as a VCOC or REOC. This is particularly the case in circumstances where an Advisory Client's portfolio includes a substantial amount of distressed debt investments, which typically do not qualify as "venture capital investments" for purposes of determining the VCOC status of such Advisory Client.

Under ERISA, any entity that is a "trade or business" within a "controlled group" can be liable for certain ERISA Title IV pension obligations of any other member of the controlled group. In addition, in the case of a plan termination, the U.S. Pension Benefit Guaranty Corporation ("PBGC") can assert a lien against any member of the controlled group of up to 30% of the collective net worth of all members of the controlled group. A "controlled group" generally requires 80% or greater common ownership applying specified constructive ownership and exclusion rules and in certain circumstances not generally applicable to entities like an Advisory Client, could include other "brother-sister" commonly controlled arrangements.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors, including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements.

If an Advisory Client were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by such Advisory Client and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by such Advisory Client, with a resulting need for additional capital contributions, the appropriation of Advisory Client assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Advisory Client assets. Moreover, regardless of whether or not the Advisory Client were determined to be a trade or business for purposes of ERISA, a court might hold that one of the Advisory Client’s portfolio companies could become jointly and severally liable for another portfolio company’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above.

European Union Alternative Investment Fund Managers Directive

The European Union (“EU”) Alternative Investment Fund Managers Directive (the “Directive”), as transposed into national law within the member states of the European Economic Area (the “EEA”), imposes requirements on alternative investment fund managers (“AIFMs”) that market alternative investment funds (“AIFs”) to professional investors within the EEA. Certain Carlyle entities, including CGCIM and the CIM AIFM, act or expect to act as non-EEA AIFMs with respect to Carlyle AIFs, and are or would be in scope of the Directive’s requirements to varying degrees.

The general partner of certain Advisory Clients may form parallel AIFs in Luxembourg primarily to facilitate the participation of investors in the EEA under the Directive. Control over portfolio management is expected to be retained by CGCIM, as the CIM AIFM is expected to delegate its portfolio management and marketing functions to CGCIM.

The CIM AIFM is subject to the requirements of the Directive, such as rules relating to remuneration, minimum regulatory capital requirements, restrictions on the use of leverage, requirements in relation to liquidity, risk management, valuation of assets, etc. As a delegate that may undertake portfolio management for an authorized AIFM, CGCIM may also be deemed to be subject to certain remuneration requirements similar to those applicable to the CIM AIFM. Any required changes to compensation structures and practices could make it harder for CGCIM to recruit and retain key personnel.

Where a Carlyle AIF pursues a strategy of acquiring control of non-listed companies and issuers established in the EEA, the Directive restricts any distribution, capital reduction, share redemption and/or acquisition of shares for a period of 24 months following the acquisition of control of the company (these are the so-called “asset stripping” rules). In parallel, certain member states of the EEA apply more stringent measures to marketing by non-EEA AIFMs, such as requiring a depositary; while

other member states have chosen not to allow non-EEA AIFMs to market AIFs in their territory at all. The Directive could adversely impact Advisory Clients by, among other things: (i) limiting the territories in the EEA in which Carlyle is able to market its funds to investors; (ii) limiting an Advisory Client's investment opportunities and Carlyle's operating flexibility both internally and with respect to investments made by the Advisory Client; (iii) exposing an Advisory Client and/or its manager to conflicting regulatory requirements in the United States and one or more member states of the EEA; (iv) constraining an Advisory Client's ability to carry out its investment approach, which may make it more difficult to achieve its investment objectives; and (v) materially increasing the costs of doing business in the EEA.

European Market Infrastructure Regulation

Certain aspects of the European Market Infrastructure Regulation ("EMIR") could impact an Advisory Client's business activities. Among other things, EMIR imposes a set of requirements on EU derivatives activities, including risk mitigation, risk management, regulatory reporting and margin and clearing requirements. Given the global scale of the derivatives activity of various Carlyle entities, including certain Advisory Clients, and the various regulatory regimes to which Carlyle is subject, EMIR could result in duplication of administration and increased transaction costs related to such derivatives activities.

EU Markets in Financial Instruments Directive II

The EU Markets in Financial Instruments Directive II ("MiFID II") is an extensive package of reforms that entered into force on January 3, 2018, in the form of a directive, a regulation, an implementing directive, numerous delegated regulations and extensive guidelines. It is intended to overhaul and expand the existing body of law regulating investment firms, which has been in effect since 2007. MiFID II applies to investment firms, but not to SEC-registered advisers acting in the capacity of an AIFM. MiFID II requires investment firms to comply with more prescriptive and onerous transparency and record keeping obligations and enhanced obligations, which for example, include the receipt of investment research, best execution, product governance and financial promotions. Although MiFID II does not directly apply to non-EEA AIFMs, it may indirectly apply where a non-EEA AIFM engages an investment firm authorized under MiFID II to provide investment services, such as advising, portfolio management, acting as a placement agent or receiving and transmitting client orders. In such instances, compliance with the additional requirements of MiFID II are likely to result in greater overall complexity, and higher compliance and administration costs.

European Union General Data Protection Regulation

On May 25, 2018, the GDPR replaced the then-existing data protection directive and, as a regulation, has direct effect in all EU member states. Although a number of the existing principles for the protection of personal data will remain, the GDPR was designed to harmonize data privacy laws across Europe and change the way organizations approach data privacy. It applies to (i) all organizations that process personal data of EU 'data subjects' in the context of an establishment in the EU (regardless of whether the processing takes place in the EU) and (ii) organizations outside the EU that offer goods or services to data subjects in the EU, or that monitor the behavior of EU data subjects. Personal data is information that can be used to identify a natural person, including a name, a photo, an email address, or a computer

IP address. For those subject to it, compliance with the GDPR requires organizations to analyze and evaluate how they handle data in the ordinary course of their business. The costs of compliance with the GDPR and the potential for fines and penalties in the event of a breach may have an adverse impact on an Advisory Client, particularly because penalties for non-compliance are material. The more serious breaches of GDPR could incur a fine of up to the greater of €20 million or 4% of aggregate global turnover for the preceding year.

United Kingdom Exit from the European Union

On March 29, 2017, the United Kingdom (“UK”) formally notified the European Council of its intention to leave the European Union (“EU”). Under the process for leaving the EU, the UK remains a member state until a withdrawal agreement is entered into, or failing that, two years following the notification of its intention to leave – although that deadline can be extended by agreement.

The UK Prime Minister has agreed to the text of a withdrawal agreement and a political declaration on a future relationship with the EU, but the withdrawal agreement has been rejected by the UK Parliament on several occasions and there is no guarantee that it can be rendered acceptable to Parliament. On March 22, 2019, the UK and EU agreed to extend the UK’s departure date from March 29 to April 12, 2019, to enable the UK government additional time to try and secure legislative approval for the proposed withdrawal agreement in the UK Parliament. The UK remains a member state subject to EU law with privileges to provide services under the single market directives until at least April 12, 2019; however, any further privileges after this date will depend on affirmative action taken by the UK, such as, adopting the proposed withdrawal agreement, amending current UK law to provide for a further (as yet) unspecified extension date, or revoking its notification to leave the EU.

As the departure date approaches without the prospect of an orderly transition period, many businesses become unable to postpone executing their contingency plans. Contingency planning for some businesses involves re-establishing the business in a member state of the EU, moving personnel and, if applicable, seeking authorization from the local regulator – all of which are costly, disruptive and potentially inefficient if a business presence is also required in the UK.

Uncertainty about the way in which these many and complex issues will be resolved (and whether by agreement or through the absence of any agreement) could adversely affect an Advisory Client and/or a portfolio company (especially if the Advisory Client or portfolio company includes, or are exposed to, businesses that depend on access to the single market, the customs union, or whose value is affected adversely by the UK’s future relationship with the EU).

Currently, there is uncertainty as to how the UK’s withdrawal from the EU will be implemented and what the economic, tax, fiscal, legal, regulatory and other implications will be for the UK and broader European and global financial markets. Given the size and importance of the UK’s economy, uncertainty or unpredictability about the terms of its withdrawal and its future legal, political and/or economic relationships with Europe is a source of instability, significant currency fluctuations and/or other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). The withdrawal of the UK from the EU could therefore potentially and adversely affect an Advisory Client and/or a portfolio company. In addition, the withdrawal of the UK from the EU could have a further

destabilizing effect if other member states consider withdrawing from the EU, presenting similar and/or additional potential risks and consequences for the Advisory Client and/or a portfolio company.

Taxation in Other Jurisdictions

If an Advisory Client makes investments in a jurisdiction outside the United States, such Advisory Client or its investors (as applicable) may be subject to income or other tax in that jurisdiction. Additionally, withholding tax or branch tax may be imposed on earnings from investments in such jurisdictions. In addition, local tax incurred in non-United States jurisdictions by an Advisory Client or vehicles through which it invests may not be creditable to or deductible by investors in their respective jurisdictions. Income or gains of an Advisory Client may be subject to withholding, income, net wealth or other tax in the jurisdictions where its investments are located. In addition, the general partner of an Advisory Client may enter into agreements with certain tax jurisdictions relating to the taxation of an Advisory Client's investments, including agreements providing for a composite rate of withholdings or other tax applicable to an Advisory Client's investments. It is possible that such an arrangement could result in some investors being allocated more tax than they otherwise would in the absence of such agreement (for example, an investor that may be entitled to a lower tax rate pursuant to an applicable tax treaty). In certain situations, an Advisory Client may hold investments through entities organized outside the United States that are treated as corporations for U.S. federal income tax purposes. Investors in such Advisory Clients may be subject to special rules applicable to "controlled foreign corporations," or "passive foreign investment companies" with respect to investments made through such entities, which could result in certain disadvantageous tax treatment and could subject such investors to additional reporting requirements.

Impact of Certain Tax Legislation

In December 2017, a broad-based reform of the U.S. Internal Revenue Code of 1986, as amended (the "IRS Code"), was signed into law (the "Tax Act"), which fundamentally changes the IRS Code. Among the numerous changes included in the Tax Act are (i) a reduction to the corporate income tax rate, (ii) new limitations on the utilization of net operating losses, (iii) partial limitations on the deductibility of business interest expense, (iv) a partial shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with a transitional rule which taxes certain historic accumulated earnings and rules which prevent tax planning strategies which shift profits to low-tax jurisdictions), and (v) a suspension of certain miscellaneous itemized deductions, including deductions for investment fees and expenses, until 2026. Changes to the IRS Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to an Advisory Client and its investors.

Carlyle's ability to achieve the investment objectives of each Advisory Client depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. Carlyle's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation, and such compensation may be impacted by changes in tax legislation. The Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Further, in addition to the changes implemented by the Tax Act, Congress has previously considered legislation that would treat carried interest as ordinary income for U.S. federal

income tax purposes. Enactment of this legislation could cause Carlyle's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. In addition, other countries could clarify or modify their tax treatment of carried interest. This might make it more difficult for Carlyle to incentivize, attract and retain these professionals, which may have an adverse effect on Carlyle's ability to achieve the investment objectives of the Advisory Clients. In addition, this can create a conflict of interest as the tax position of Carlyle may differ from the tax positions of the Advisory Clients and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Advisory Clients, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the Tax Act gives Carlyle an incentive to cause an Advisory Client to hold an investment for longer than three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years.

Phantom Income

Each U.S. investor will be, and non-U.S. investor may be, required to take into account its distributive share of all items of partnership income, gain, loss, deduction and credit, whether or not distributed. Because of the nature of the investment activities of a Carlyle-sponsored investment vehicle, such investment vehicle may generate taxable income in excess of cash distributions to investors and no assurance can be given that a Carlyle-sponsored investment vehicle will be able to make cash distributions to cover such tax liabilities as they arise.

No Internal Revenue Service Rulings

Carlyle-sponsored investment vehicles generally will not seek rulings from the U.S. Internal Revenue Service (the "IRS") with respect to any U.S. federal income tax considerations. Thus, positions to be taken by the IRS as to tax consequences could differ from positions taken by such investment vehicles.

Absence of Regulatory Oversight

Notwithstanding that CGCIM is registered as an investment adviser under the Advisers Act, and that the BDCs have elected to be regulated as business development companies under the 1940 Act and that Private Credit RIC is a registered investment company under the 1940 Act, CDL CLO and MMCF are not required and do not intend to be registered with the SEC under the 1940 Act and, accordingly, CDL CLO investors and MMCF Members are not afforded the protections of the 1940 Act. Similarly, other investment vehicles that may in the future be advised by CGCIM, will not be required and would not intend to be registered with or regulated by the SEC under the 1940 Act and, accordingly, investors in any such fund will not be afforded the protections of the 1940 Act.

Litigation

In the ordinary course of business, CGCIM may be a party to litigation, disputes and other potential claims.

Indemnification

Each Carlyle-sponsored investment vehicle generally will be required to indemnify its general partner (or similar managing fiduciary), its investment adviser, certain service providers and their respective affiliates and each of their respective (a) members, shareholders, stockholders, unit holders and partners (in each case in their respective capacities as such), (b) officers, directors, agents, employees, Operating Professionals and senior advisors and (c) any other person who serves at the request of its general partner on behalf of such investment vehicle as an officer, director, partner, member, senior advisor, Operating Professional or employee of or advisor to any other entity for liabilities incurred in connection with the affairs of such Carlyle-sponsored investment vehicle. Carlyle typically engages placement agents and other similar finders and consultants in connection with the offering of interests in an Advisory Client and, to the extent permitted by such Advisory Client's governing agreements, causes such Advisory Client to indemnify such agents, finders or consultants. Where applicable, members of an Investor Advisory Committee of such investment vehicle will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the applicable investment vehicle's governing documents. Such indemnification obligations may be material and have an adverse effect on the returns to the investors in an Advisory Client. For example, in their capacity as directors of portfolio companies, the directors, officers, partners, affiliates, members or employees associated with the applicable general partner, CGCIM and their affiliates as well as Operating Professionals may be subject to derivative or other similar claims brought by shareholders or creditors of such companies. The indemnification obligation of such Advisory Client would be payable from its assets, including the unpaid capital commitments of the investors therein. If the assets of such Advisory Client are insufficient, the applicable general partner may recall distributions previously made to the applicable investors (subject to certain limitations set forth in the governing agreement of such Advisory Client). Furthermore, as a result of the provisions contained in the governing agreement of an Advisory Client, investors in such Advisory Client may in certain cases have a more limited right of action against the general partner than it would in the absence of such limitations. It should be noted that Advisory Client's may, at their expense, purchase insurance for such Advisory Client, its general partner, CGCIM and their associated employees, agents and representatives. In addition, because the Advisory Client may advance the costs and expenses of an indemnitee pending outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person's entitlement to indemnification), there may be periods where an Advisory Client is advancing expenses to an individual or entity with whom such Advisory Client is not aligned or is otherwise an adverse party in a dispute. Moreover, in its capacity as general partner of an Advisory Client, such general partner will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that disqualifies any such person from indemnification or exculpation so long as such general partner (and/or its legal counsel) have determined that such person is entitled to indemnification.

Each BDC, CDL CLO and Private Credit RIC generally indemnifies its managing fiduciary, its investment adviser, their affiliates and each of their respective members, officers, directors, agents, employees, consultants, advisors, senior advisors, stockholders, shareholders, partners and agents for liabilities incurred in connection with the affairs of such Advisory Client. CGCIM engages placement agents and other similar finders and consultants in connection with the offering of interests in an Advisory Client and, to the extent permitted by such Advisory Client's governing agreements, causes such Advisory Client to indemnify such agents, finder or consultants. As a result of the provisions

contained in the governing agreement of an Advisory Client, investors in such Advisory Client may in certain cases have a more limited right of action against the managing fiduciary than it would in the absence of such limitations.

Absence of Recourse

Each Advisory Client's governing documents will include exculpation, indemnification and other provisions that will limit the circumstances under which the general partner of an Advisory Client, CGCIM and others can be held liable to an Advisory Client. Additionally, certain service providers to an Advisory Client and its general partner, CGCIM, their respective affiliates and other persons, including, without limitation, the members of the Investor Advisory Committee, members of the investment committee of an Advisory Client's general partner and placement agents and finders, may be entitled to exculpation and indemnification (in certain cases on terms more favorable to them than those available to indemnitees as provided under an Advisory Client's governing documents generally). As a result, the investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

Recycling; Reinvestment

Under certain circumstances, proceeds distributable (or previously distributed) to the investors in a Carlyle-sponsored investment vehicle may be retained and reinvested (or recalled for reinvestment) by its general partner (or similar managing fiduciary) or used (or recalled for use) by its general partner. Accordingly, due to the recycling of capital commitments, an investor may, in certain circumstances, be required to fund an aggregate amount in excess of its capital commitment during the term of such investment vehicle, and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

Failure to Make Capital Contributions

If an investor fails to pay when due installments of its commitment to a Carlyle-sponsored investment vehicle, and the capital contributions made by non-defaulting investors and borrowings by such investment vehicle are inadequate to cover the defaulted capital contribution, a Carlyle-sponsored investment vehicle may be unable to pay its obligations when due. As a result, such investment vehicle may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). If an investor defaults, it may be subject to various remedies as provided in the governing documents of an Advisory Client, including, without limitation, a forfeiture of its interests therein, preclusion from further investment in the Advisory Client and participation in further investments by the Advisory Client, reductions in its capital account balance and a forced sale of its interest therein at a discount. The general partner of the Advisory Client may, subject to certain limitations, require an additional funding of capital contributions from the non-defaulting investors to fund the shortfall caused by a defaulting investor. A default by an investor may also limit the Advisory Client's ability to incur borrowings and avail itself of what would otherwise have been available credit.

Dilution from Subsequent Closings

Where applicable, investors subscribing for interests at subsequent closings of a Carlyle-sponsored investment vehicle generally will participate in existing investments, diluting the interest of existing investors therein. Although such investors generally will contribute their pro rata share of previously made draws (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair value of such investment vehicle's existing investments at the time such additional investors subscribe for interests.

Diverse Investor Group

Investors may have conflicting investment, tax and other interests with respect to their investments in a Carlyle-sponsored investment vehicle. As a consequence, conflicts of interest may arise in connection with decisions made by the general partner (or similar managing fiduciary) or investment adviser or collateral manager of such investment vehicle, including with respect to the nature, structuring or sale of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. For example, investors may be given the opportunity to invest in certain investments indirectly through an entity treated as a corporation for U.S. federal income tax purposes (a "Corporation") rather than through an entity treated as a partnership for U.S. federal income tax purposes. While investing through a Corporation may provide certain tax benefits to certain investors, the investment returns of investors that invest through a Corporation may be less than the investment returns received by other investors. It is also possible that a Carlyle-sponsored investment vehicle may seek to sell shares of the Corporation in connection with the disposition of an investment, which would likely provide certain benefits to investors participating through the Corporation but may result in total sales proceeds which are lower than such proceeds otherwise would be had the sale not been structured in part as a sale of shares of the Corporation. Nonetheless, in such case such reduced sales price may be borne by all the investors participating in the investment and not just those investors who participated in the investment through the relevant Corporation. In other circumstances, the acquirer may pay less on a per unit basis for the shares of the Corporation as compared to the underlying assets (and in certain cases the quantum of the reduction may not be specified by the applicable purchaser and may be determined by Carlyle in good faith). In those instances where the acquirer pays less on a per unit basis for the shares of the Corporation, Carlyle may nonetheless be entitled to receive the same amount of carried interest it would have received had the shares of the Corporation not been sold. Accordingly, Carlyle will have a conflict of interest in circumstances where shares of the Corporation are intended to be sold in determining the quantum of the reduction in sales proceeds attributable due to the sale of shares of the Corporation, as well as whether or not the reduction should be borne solely by the investors participating through the Corporation.

Public Disclosure

Some of the interests in Advisory Clients will be held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements. To the extent that disclosure of confidential information relating to such Advisory Client or its portfolio companies results from interests being held by public investors, such Advisory Client may be adversely affected, including the Advisory Client's competitive advantage in finding attractive investment opportunities. The Advisory Client may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to

investment advisers and/or the accounts they advise could result in Carlyle and/or the Advisory Client becoming subject to additional disclosure requirements, the specific nature of which is as yet uncertain.

Limited Access to Information

Investors' rights to information regarding certain Advisory Clients will be specified, and strictly limited, in such investment vehicle's subscription, governing or offering documents.

No Market for Interests; Restrictions on and Limitations Relating to Transfers

Interests in private fund Advisory Client vehicles have not been registered under the Securities Act, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no public market for the interests in such investment vehicles and one is not expected to develop. An investor will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the general partner (or other similar managing fiduciary) of such applicable Advisory Client, which consent may be given or withheld in accordance with the governing documents of such Advisory Client. Any transfer by an investor to a person other than an affiliate of such investor with substantially the same beneficial ownership generally will be subject to a right of first refusal for the benefit of the general partner of the Advisory Client (which right is generally transferable to an affiliate of such general partner, including their respective employees). Following exercise by such general partner (or its affiliate or any respective employee) of such right of first refusal with respect to an investor's interest, the person that exercised such right may transfer such interest to a third party.

In the case of TCG BDC, its common stock is traded on The Nasdaq Global Select Market under the symbol "CGBD." However, certain of TCG BDC's stockholders ("Pre-IPO Stockholders") received shares of TCG BDC common stock prior to its initial public offering pursuant to subscription agreements with TCG BDC. Under the subscription agreements, these stockholders could not transfer shares for a period beginning on the date of completion of an initial public offering and continuing to the earlier of (i) 180 days after the closing of the final secondary offering described in the next sentence or (ii) the second anniversary of the initial public offering. The subscription agreements obligate TCG BDC to initiate up to four registered underwritten secondary offerings on behalf of the stockholders as follows: (1) the first secondary offering would be initiated during the period beginning 180 days after the closing of an initial public offering and ending on the 240th day after the closing of such initial public offering and (2) each subsequent secondary offering would be initiated during the period beginning 180 days after and ending 240 days after the prior secondary offering was completed or cancelled. TCG BDC has no obligation to conduct any secondary offering unless (a) the stockholders and CGCIM commit, in the aggregate, to sell at least the number of shares expected to result in gross proceeds of at least 7% times the total amount of capital commitments prior to the initial public offering (based on then-current market price per share) and (b) the number of shares that the underwriters in such secondary offering believe they can sell is at least that number of shares. If the aggregate number of shares acquired before the

initial public offering still held by stockholders is less than the amount set forth in clause (b), then TCG BDC is not obligated to conduct any further secondary offerings.

TCG BDC advised such Pre-IPO Stockholders that the transfer restrictions under the subscription agreements were modified so that after the completion of the initial public offering, the shares of common stock subject to the subscription agreement lock-ups were, in addition to the rights they already had, also released from such lock-ups as described below:

- During the period commencing on the expiration of the initial public offering underwriters lock-up, which was December 10, 2017 (the “Release Date”) and 180 days thereafter: 25% of 51,899,651 shares of common stock held by such investor at the time of the initial public offering (the “Pre-IPO Shares”);
- During the period beginning 360 days after the Release Date: an additional 25% of 51,966,283 Pre-IPO Shares, together with any Pre-IPO Shares permitted to be but not otherwise sold during the period beginning 180 days after the Release Date;
- During the period beginning 540 days after the Release Date: an additional 25% of 51,966,283 Pre-IPO Shares, together with any Pre-IPO Shares permitted to be but not otherwise sold during the period beginning 360 days after the Release Date;
- During the period beginning 720 days after the Release Date and thereafter: any remaining Pre-IPO Shares permitted to be but not otherwise previously sold during the above periods.

After receiving notice of a registered underwritten secondary offering initiated by TCG BDC pursuant to the subscription agreements, and subject to certain conditions and transfer restrictions, such stockholders may elect to include shares of common stock that they own under the subscription agreements in such registered underwritten secondary offering.

In the case of the CDL CLO and MMCF, securities may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the CDL CLO indenture and the disclosure pertaining to such securities or the provisions of the MMCF’s limited liability company agreement (the “MMCF Agreement”).

FATCA and CRS

The Foreign Account Tax Compliance Act (“FATCA”) requires all entities in a broadly defined class of foreign financial institutions (“FFIs”) to comply with a complicated and expansive reporting regime or be subject to a 30% U.S. withholding tax on certain U.S. payments and requires non-U.S. entities which are not FFIs to either certify they have no substantial U.S. beneficial ownership or to report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% U.S. withholding tax on certain U.S. payments. FATCA also contains complex provisions requiring participating FFIs to withhold on certain “foreign passthru payments” made to nonparticipating FFIs and to holders that fail to provide the required information. The definition of a “foreign passthru payment” is still reserved under the current U.S. Treasury Regulations; however, the term generally refers to payments that are from non-U.S. sources but that are “attributable to” certain U.S. payments as described above. Under proposed U.S. Treasury Regulations, on which taxpayers may rely, withholding on these payments is not set to apply before the date that is two years after the date of publication of final U.S. Treasury Regulations defining the term “foreign passthru payment.” In general, non-U.S.

investment funds, such as any non-U.S. Carlyle-sponsored investment vehicle advised by CGCIM or underlying entities in which the such vehicle invests, may be considered FFIs. The reporting obligations imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS or, if subject to an Intergovernmental Agreement (“IGA”), register with the IRS. IGAs are generally intended to result in the automatic exchange of tax information through reporting by an FFI to the government or tax authorities of the country in which such FFI is domiciled, followed by the automatic exchange of the reported information with the IRS. These reporting requirements may apply to underlying entities in which an Advisory Client invests and the Advisory Client may not have control over whether such entities comply with the reporting regime. Any amounts withheld pursuant to FATCA that are allocable to an investor may, in accordance with the governing document of such Advisory Client, be deemed to have been distributed to such investor to the extent the taxes reduce the amount otherwise distributable to such investor. Prospective investors in any Carlyle-sponsored investment vehicle should consult their own tax advisors regarding all aspects of FATCA as it affects their particular circumstances.

In addition, the Organisation for Economic Cooperation and Development (the “OECD”) has developed Common Reporting Standard (“CRS”) rules for the automatic exchange of FATCA-like financial account information amongst OECD member states. Like FATCA, CRS will impose certain due diligence, documentation and reporting requirements on various Carlyle entities. While CRS does not contain a potential withholding requirement, non-compliance could subject Carlyle to certain reputational harm. Moreover, compliance with such regimes could result in increased administrative and compliance costs and could subject certain CGCIM-sponsored investment entities to increased non-U.S. withholding taxes.

Partnership Audit Legislation

Under current law, U.S. federal income tax audits of partnerships are conducted at the partnership level, and, unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. There can be no assurance that a Carlyle-sponsored investment vehicle will be eligible to, or will, make an election under the alternative procedure, and if such vehicle does not or is not able to make such an election, then (1) its then-current investors, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had such vehicle elected the alternative procedure, and (2) a given investor may indirectly bear taxes attributable to income allocable to other investors or former investors, including taxes (as well as interest and penalties) with respect to periods prior to such investor’s ownership of interests. Amounts available for distribution to investors may be reduced as a result of a Carlyle-sponsored investment vehicle’s obligations to pay any taxes associated with an adjustment.

Presentation of Performance

For most Advisory Clients, especially those that are pooled investment vehicles, net performance is calculated on an aggregate basis after taking into account all fees and expenses actually borne by investors in the Advisory Client as a group, but does not take into account any taxes borne or deemed to be borne by investors (such as, for example, taxes resulting from the investors’ domicile or taxes paid or payable by vehicles designed to address certain investors’ tax, regulatory or other similar issues). With respect to any particular investment vehicle, differences in timing of an investor’s commitment to

the investment vehicle and the economic and other terms applicable to certain investors therein may increase or decrease the net performance information realized by such investors and, accordingly, the actual net performance information of a particular investor may differ from the net performance information disclosed to such investors.

Certain Advisory Clients utilize subscription lines of credit to fund investments prior to the receipt of capital contributions from investors. Because the capital contributions from investors are delayed when using a subscription line of credit, the investment period of such investor capital is shortened, which may increase the net internal rate of return of an Advisory Client. However, because interest expense and other costs of borrowings under subscription lines of credit are an expense of the Advisory Client, the Advisory Client's net multiple of invested capital will be reduced.

In addition to the generally-applicable material risks described above, CGCIM's significant investment strategies involve additional material risks. The following is a list of material risks that are generally applicable to these investment strategies:

General Strategy Risk for Control Investments

The exercise of control over a portfolio company imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability. If such liabilities are to arise, an Advisory Client may suffer a loss, which may be complete, on its investment.

Concentration Risk

The portfolio of an Advisory Client may be concentrated in a limited number of portfolio companies and industries. Beyond asset diversification requirements or concentration limitations set forth in an Advisory Client's applicable governing documents or contractual agreements, Advisory Clients do not have fixed guidelines for diversification and investments may be concentrated in relatively few industries. As a result, the aggregate returns realized may be significantly adversely affected if a small number of investments perform poorly or if the Advisory Client needs to write down the value of one or more investments. Additionally, a downturn in any particular industry in which the Advisory Client is invested could also significantly impact the aggregate returns realized.

Reliance on Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although CGCIM and the relevant general partner (or similar managing fiduciary) of the applicable Advisory Client will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to successfully operate a portfolio company in accordance with the applicable Advisory Client's plans.

Risks in Effecting Operating Improvements

In some cases, the success of an Advisory Client's investment strategy will depend, in part, on the ability to restructure and effect improvements in the operations of an investment. There can be no assurance

that Carlyle will be able to successfully identify and implement such restructuring programs and improvements.

Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Investments may involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other changes that affect the relevant portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies. The general partner of an Advisory Client may cause an Advisory Client to incur investment vehicle-level debt, subject to the limitations set forth in the governing agreement of the relevant Advisory Client, such as debt resulting from bridge, subscription and asset-based facilities, and borrowings may be secured by assignment of the obligations of the investors the make capital contributions to an Advisory Client and a security interest in investments.

To the extent that an Advisory Client co-invests with any vehicles managed or controlled by Carlyle, including any other Carlyle funds, vehicles and accounts (including vehicles formed to permit Carlyle professionals or other qualified individuals to co-invest alongside such Advisory Client), the Advisory Client may incur indebtedness and guarantee obligations together with such vehicles on a joint and several or cross-collateralized basis (which may be on an investment-by-investment or portfolio-wide basis). While such arrangements may be joint and several with respect to the Advisory Client, such arrangements may not necessarily impose reciprocal joint and several obligations on such vehicles. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, the Advisory Client may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness. Moreover, an Advisory Client could also lose its interests in performing Investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments.

Broad Investment Mandate

Certain Advisory Clients have broad investment mandates. Such Advisory Clients are permitted to invest in a wide range of industries, instruments, markets and countries and utilize various investment strategies without material limitations. The Advisory Client may make equity and/or debt investments that may or may not involve control or influence over an underlying portfolio company and the Advisory Client may invest in various types of assets.

GLOBAL CREDIT GENERAL RISKS

Nature of Investments

Global Credit generally has a broad mandate with respect to the type and nature of instruments in which it invests. While some of the instruments in which a Global Credit Advisory Client will invest may be secured, such Advisory Clients may also invest in debt or equity securities that are either unsecured

and subordinated to substantial amounts of senior indebtedness, or a significant portion of which may be secured. In such instances, the ability of an Advisory Client to influence an issuer's affairs, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the debt or other exercises by the Advisory Client of its rights as a creditor. Accordingly, the Advisory Client may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities or other instruments in which the Advisory Client will invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. The borrowers of loans constituting an Advisory Client's assets may seek the protections afforded by bankruptcy, insolvency and other debtor relief laws. Additionally, the numerous risks inherent in the insolvency process create a potential risk of loss by an Advisory Client of its entire investment in any particular investment. Insolvency laws may, in certain jurisdictions, result in a restructuring of the debt without an Advisory Client's consent under the "cramdown" provisions of applicable insolvency laws and may also result in a discharge of all or part of the debt without payment to the Advisory Client.

Debt securities and related instruments are also subject to other risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance," (ii) the recovery of liens perfected or payments made on account of a debt in the period before an insolvency filing as a "preference," (iii) equitable subordination claims by other creditors, (iv) so called "lender liability" claims by an issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any issuer, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of an Advisory Client's investment in any such company. An Advisory Client's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions, which, in each case, could result in an issuer repaying the principal on an obligation held by the Advisory Client earlier than expected. Accordingly, there can be no assurance that an Advisory Client's performance objectives will be realized.

Credit Risks

One of the fundamental risks associated with various Advisory Clients' investments is credit risk, which is the risk that an issuer whose financial instruments are held by an Advisory Client will be unable to make principal and interest payments on its outstanding debt obligations when due. The return to investors would be adversely impacted if an issuer of debt in which an Advisory Client invests becomes unable to make such payments when due. Although the Advisory Client may make investments that the Adviser or applicable general partner (or other managing fiduciary) believes are secured by specific collateral, the value of which may initially exceed the principal amount of such investments or the Advisory Client's fair value of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. Certain Advisory Clients may also invest in leveraged loans, high yield securities, marketable and non-marketable common and preferred equity securities and other unsecured investments, each of which involves a higher degree of risk than senior secured loans. Furthermore, an Advisory Client's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of a senior lender, to the extent applicable.

Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, loans may provide for payments-in-kind, which have a similar effect of deferring current cash payments. In such cases, an issuer's ability to repay the principal of an investment may depend on a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

With respect to investments in any number of credit products, if the borrower or issuer breaches any of the covenants or restrictions under the credit agreement that governs loans of such issuer or borrower, it could result in a default under the applicable indebtedness as well as the indebtedness held by an Advisory Client. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. This could result in an impairment or loss of an Advisory Client's investment or a pre-payment (in whole or in part) of such investment.

Similarly, while relevant Advisory Clients will generally target investing in companies they believe are of high quality, these companies could still present a high degree of business and credit risk. Companies in which an Advisory Client invests could deteriorate because of, among other factors, an adverse development in their business, a change in the competitive environment or the continuation or worsening of the current (or any future) economic and financial market downturns and dislocations. As a result, companies that the Advisory Client expected to be stable or improve may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress. In addition, exogenous factors such as fluctuations of the equity markets also could result in warrants and other equity securities or instruments owned by the Advisory Client becoming worthless.

Bankruptcy Risks

Given that the investment strategies for Advisory Clients within Global Credit focus primarily on investments in debt, the related investments entail risks associated with bankruptcy. Bankruptcy proceedings are inherently litigious, time consuming, highly complex and driven extensively by facts and circumstances, which can result in challenges in predicting outcomes. The equitable power of bankruptcy judges also can result in uncertainty as to the ultimate resolution of claims. Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a number of reasons. To the extent personnel associated with the Adviser serve on an official or unofficial committee of an issuer, it increases the possibility that an Advisory Client will be deemed an "insider" or a "fiduciary" of such company and may restrict the Advisory Client's trading of its investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the bankruptcy court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of "equitable subordination" with respect to any claim or equity interest held by the Advisory Client in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. If a security interest is invalidated, the secured creditor loses the value of the collateral and because loss of the secured status causes the claim to be treated as an unsecured claim, the holder of such claim will almost certainly experience a significant loss of its investment.

Investments in Loans

A number of Advisory Clients invest in loans, including loans to middle-market companies whose debt, if rated, is rated below investment grade and, if not rated, would likely be rated below investment grade if it were rated (that is, below BBB- or Baa3, which is often referred to as “junk”), and which are generally considered higher risk than investment grade instruments. An Advisory Client may invest in loans either through primary issuances or secondary transactions, including potentially on a synthetic basis. The value of an Advisory Client’s investment in loans may be detrimentally affected to the extent a borrower defaults on its obligations. There can be no assurance that the value assigned by CGCIM to collateralize an underlying loan can be realized upon liquidation, nor can there be any assurance that any such collateral will retain its value. Furthermore, circumstances could arise (such as in the bankruptcy of a borrower) that could cause an Advisory Client’s security interest in the loan’s collateral to be invalidated. Also, much of the collateral will be subject to restrictions on transfer intended to satisfy securities regulations, which will limit the number of potential purchasers if an Advisory Client intends to liquidate such collateral. The amount realizable with respect to a loan may be detrimentally affected if a guarantor, if any, fails to meet its obligations under a guarantee. There may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral. Finally, loans may become non-performing for a variety of reasons. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. Advisory Clients’ portfolios may include the types of instruments described below.

First Lien Senior Secured Loans. When an Advisory Client makes a senior secured term loan investment in an issuer, it generally takes a security interest in substantially all of the available assets of the issuer, including the equity interests of its domestic subsidiaries, which is expected to help mitigate the risk that the Advisory Client will not be repaid. However, there is a risk that the collateral securing a loan may decrease in value over time, 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, and, in some circumstances, the Advisory Client’s lien 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 Advisory Client will receive principal and interest payments according to the loan’s terms, or at all, or that the Advisory Client will be able to collect on the loan should the Advisory Client be forced to enforce its remedies.

Second Lien Senior Secured Loans and Junior Debt Investments. Second and third lien loans are subject to the same investment risks generally applicable to senior loans described above. An Advisory Client’s second lien senior secured loans will be subordinated to first lien loans and junior debt investments, such as mezzanine loans, generally will be subordinated to both first lien and second lien loans and have junior security interests or may be unsecured. As such, to the extent an Advisory Client holds second lien senior secured loans and junior debt investments, holders of first lien loans may be repaid before the applicable Advisory Client in the event of a bankruptcy or other insolvency proceeding. Therefore, second and third lien loans are subject to additional risk that the cash flow of the related obligor and the property securing the second or third lien loan may be insufficient to repay the scheduled payments to

the lender after giving effect to any senior secured obligations of the related obligor. This may result in an above average amount of risk and loss of principal. Second and third lien loans are also expected to be more illiquid than senior loans.

Unsecured Loans. Certain Advisory Clients may invest in unsecured loans. Unsecured loans are subject to the same investment risks generally applicable to loans described above but are subject to additional risk that the assets and cash flow of the related obligor may be insufficient to repay the scheduled payments to the lender after giving effect to any secured obligations of the obligor. Unsecured loans will be subject to certain additional risks to the extent that such loans may not be protected and such loans are not secured by collateral, financial covenants or limitations upon additional indebtedness. Unsecured loans are also expected to be a more illiquid investment than senior loans for this reason.

Syndicated Loans. Under the agreements governing most syndicated loans, should a holder of an interest in a syndicated loan wish to call a default or exercise remedies against a borrower, it could not do so without the agreement of at least a majority of the other lenders. Actions could also be taken by a majority of the other lenders, or in some cases, a single agent bank, without the consent of all lenders. Each lender would nevertheless be liable to indemnify the agent bank for its ratable share of expenses or other liabilities incurred in such connection and, generally, with respect to the administration and any renegotiation or enforcement of the syndicated loans. Moreover, an assignee or participant in a loan may not be entitled to certain gross-up payments in respect of withholding taxes and other indemnities that otherwise might be available to the original holder of the loan.

Bank Loans and Participations. An Advisory Client may invest a portion of its assets in bank loans and participations. The special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality and (iii) limitations on the ability of an Advisory Client or certain affiliates to directly enforce its rights with respect to participations. The Adviser will seek to balance the magnitude of these and other risks identified by it against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by an Advisory Client. Bank loans are frequently traded on the basis of standardized documentation which is used in order to facilitate trading and market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue or that the same documentation will be used in the future. The settlement of trading in bank loans often requires the involvement of third parties, such as administrative or syndication agents, and there presently is no central clearinghouse or authority which monitors or facilitates the trading or settlement of all bank loan trades. Often, settlement may be delayed based on the actions of any third party or counterparty, and adverse price movements may occur in the time between trade and settlement, which could result in adverse consequences for an Advisory Client. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain Advisory Client investments, an Advisory Client could be subject to allegations of lender liability. An Advisory Client may acquire interests in bank loans either directly (by way of sale

or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest and not with the borrower. In purchasing participations, an Advisory Client typically will not have the right to vote on matters requiring a vote of holders of the underlying debt and may have no right to enforce compliance by the borrower with the terms of the loan agreement, or any rights of set-off against the borrower, and an Advisory Client may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, if an Advisory Client were to hold a participation, it would assume the credit risk of both the borrower and the institution selling the participation to the Advisory Client. In certain circumstances, investing in the form of participation may be the most advantageous or only route for the Advisory Client to make or hold any such investment, including in light of limitations relating to local laws or the willingness of administrative agents or borrowers to allow the Advisory Client to become a direct lender.

Unitranche Loans. Unitranche loans provide leverage levels comparable to a combination of first lien and second lien or subordinated loans, and may rank junior to other debt instruments issued by the portfolio company. Unitranche loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a heightened risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. From the perspective of a lender, in addition to making a single loan, a unitranche loan may allow the lender to choose to participate in the “first out” tranche, which will generally receive priority with respect to payments of principal, interest and any other amounts due, or to choose to participate only in the “last out” tranche, which is generally paid after the first out tranche is paid. Advisory Clients may participate in “first out” and “last out” tranches of unitranche loans and make single unitranche loans.

Investments in Equity

Acquisition in loans, may also result in the acquisition of equity securities. Advisory Clients may also invest directly in the equity securities of portfolio companies. The goal of many Advisory Clients is to dispose of such equity interests and realize gains upon disposition of such interests. However, the equity interest the Advisory Clients receive may not appreciate in value and, in fact, may decline in value. Therefore, the Advisory Clients may not be able to realize gains from their equity interests, and any gains realized on the disposition of any equity interests may not be sufficient to offset any other losses the Advisory Clients experience.

Loan Prepayment

Loans held by Advisory Clients are generally callable at any time, most of them at no premium to par. The Adviser is generally unable to predict the rate and frequency of such repayments. Whether a loan is called will depend both on the continued positive performance of the issuer and the existence of favorable financing market conditions that allow such issuer the ability to replace existing financing with less expensive capital. As market conditions change frequently, the Adviser will often be unable to predict when, and if, this may be possible for each of an Advisory Client’s issuers. In the case of some of these loans, having the prepayment of a loan may have the effect of reducing the Advisory Client’s

actual investment income below its expected investment income if the capital returned cannot be invested in transactions with equal or greater yields.

Limited Amortization Requirements

Certain Advisory Clients may invest in loans that have limited mandatory amortization requirements. While these loans may obligate an issuer to repay the loan out of asset sale proceeds, with annual excess cash flow or by refinancing upon maturity, repayment requirements may be subject to substantial limitations that would allow an issuer to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment may increase the risk that an issuer will not be able to repay or refinance the loans held by an Advisory Client when it matures.

Investments in High Yield Debt Instruments

Certain Advisory Clients may invest in debt securities or other instruments that may be classified as “higher-yielding” (and, therefore, higher risk) instruments. In most cases, such debt will be rated below “investment grade” or will be unrated and will face both ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer’s failure to make timely interest and principal payments. The market for high yield instruments has experienced periods of volatility and reduced liquidity. High yield instruments may or may not be subordinated to certain other outstanding instruments and obligations of the issuer, which may be secured by all or substantially all of the issuer’s assets. High yield instruments may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these instruments may reflect individual corporate developments. General economic recession or a major decline in the demand for products and services in the industry in which the borrower operates would likely have a materially adverse impact on the value of such instruments or could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default of such instruments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these instruments.

Structured Finance Obligations

An Advisory Client that invests in structured finance obligations may be subject to prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on a structured finance obligation changes based on multiples of changes in interest rates or inversely to changes in interest rates). CLOs are also subject to the risk that distributions from collateral assets will be inadequate to make interest or other payments and the quality of the collateral may decline in value, default or be downgraded.

Synthetic Securities

A portion of the investments of an Advisory Client may consist of synthetic securities, the reference obligations of which may be leveraged loans, high-yield debt securities or similar securities. Investments in such types of assets through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of such collateral obligations. With respect to each synthetic security, the Advisory Client will usually have a contractual relationship only with the counterparty of such

synthetic security, and not the reference obligor on the reference obligation. As such, the Advisory Client may not have the rights or the ability to enforce rights of a typical lender.

Distressed Investments

An Advisory Client's investment program may include making distressed investments (*e.g.*, investments in defaulted, out-of-favor or distressed bank loans and securities), including in companies that are experiencing financial or operational difficulties or are otherwise out-of-favor. Such investments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition and may have very high amounts of leverage. Distressed companies typically are in default under, or have a significant risk of an inability to service, their debt obligations, especially during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing and may be unable to repay debt by refinancing. Investments in distressed companies may be premised on a turnaround strategy. If turnarounds are not achieved, these companies could experience failures or substantial declines in value, and an Advisory Client may not be able to divest itself of such unprofitable investments in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons. The value of distressed instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities or instruments. Distressed investments are often more sensitive to company-specific developments and changes in economic conditions than other securities. Furthermore, distressed debt instruments are often unsecured and may be subordinated to senior debt. In certain circumstances the execution of a distressed investing strategy involves the ability to identify and exploit the relationships between movements in different securities and instruments within an issuer's or borrower's capital structure (*e.g.*, senior bank debt, second liens, debt securities and other obligations, convertible and non-convertible senior and subordinated debt, preferred equity and common stock). In the event that the perceived pricing inefficiencies underlying an issuer's securities or instruments were to fail to materialize as expected, an Advisory Client could incur a loss.

Investments in Middle-Market Companies

Investments in middle-market companies such as those in which certain Advisory Clients may invest, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. In particular, middle-market companies:

- may have limited financial resources and may be unable to meet their obligations under their debt securities that the Advisory Client holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Advisory Client realizing on any guarantees or security it may have obtained in connection with its investment;
- typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and 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 a company and, in turn, on the Advisory Client;
- generally disclose little public information. These companies and their financial information are usually not subject to the Exchange Act, and other regulations that govern public companies, and an Advisory Client may be unable to uncover all material information about these companies, which may prevent it from making a fully informed investment decision and cause an Advisory Client to lose money on its investments;
- 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, an Advisory Client's executive officers, directors and CGCIM or its affiliates may, in the ordinary course of business, be named as defendants in litigation arising from Advisory Client investments in the companies;
- are affected by changes in laws and regulations, as well as their interpretations, which may adversely affect an Advisory Client's business, financial structure or prospects; 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.

Investments in Highly Leveraged Companies

Certain Advisory Clients make investments in issuers whose capital structures have significant leverage (including substantial leverage senior to the Advisory Client's investment), a considerable portion of which may be at floating interest rates. The leveraged capital structure of such issuers will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or further deteriorations in the financial condition of the issuer or its industry. This leverage may result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged issuers. In using leverage, these issuers may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates may significantly increase the issuers or project's interest expense, or a significant industry downturn may affect a company's ability to generate positive cash flow, in either case causing an inability to service outstanding debt. An Advisory Client's investments may be among the most junior financing in an issuer's capital structure. In the event such issuer cannot generate adequate cash flow to meet debt obligations, the company may default on its loan agreements or be forced into bankruptcy resulting in a restructuring or liquidation of the company, and the particularly in light of an Advisory Client's subordinated and/or unsecured position of an Advisory Client's investments, may suffer a partial or total loss of capital invested in the company, which could adversely affect the return of the relevant Advisory Client.

Convertible Securities

Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security generally entitles its holder to receive interest or a dividend until the convertible security matures or is redeemed or

converted. Convertible securities generally: (i) have higher yields than the dividends on the underlying common stocks, but lower yields than non-convertible securities of a comparable duration; (ii) are less volatile in price than the underlying common stock due to their fixed-income characteristics; (iii) have a significant option component to their value which is directly impacted by the prevailing market volatility and interest rates; and (iv) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion feature) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates (with investment value declining as interest rates increase) as well as market volatility (with the conversion value increasing as market volatility increases). The credit standing of the issuer and other factors may also have an effect on investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent that the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases (as with an option) as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer. If a convertible security held by an Advisory Client is called for redemption, the Advisory Client will be required either to permit the issuer to redeem the security or convert it into the underlying common stock. Either of these actions could have an adverse effect on the value of the position.

Preferred Stock

Preferred stock generally has a preference as to dividends and upon the event of liquidation over an issuer’s common stock, but it ranks junior to debt securities in an issuer’s capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer’s board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer’s common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Credit Derivatives

Certain Advisory Clients may engage in trading or investing in credit derivative contracts, which are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another, both for bona fide hedging of existing long and short positions, but also for independent profit opportunities. Such instruments may include one or more credits. The market for credit derivatives may be relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. Generally, a credit event means bankruptcy, a

failure to pay, the acceleration of an obligation or modified restructuring of a credit obligation or instrument.

Credit Rating

Rating agencies rate debt securities based upon their assessment of the likelihood of the receipt of principal and interest payments. Rating agencies do not consider the risks of fluctuations in market value or other factors that may influence the value of debt securities. Therefore, the credit rating assigned to a particular instrument may not fully reflect the true risks of an investment in such instrument. Credit rating agencies may change their methods of evaluating credit risk and determining ratings. These changes may occur quickly and often. While an Advisory Client may give some consideration to ratings, ratings may not be indicative of the actual credit risk of the Advisory Client's investment in rated instruments.

Recharacterization

An Advisory Client may seek to place its representatives on the boards of certain companies in which the Advisory Client has invested. While such representation may enable the Advisory Client to enhance the sale value of its debt investments in a company, such involvement may also prevent the Advisory Client from freely disposing of its debt investments and may subject the Advisory Client to additional liability or result in recharacterization of the Advisory Client's debt investments as equity. An Advisory Client will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

Default and Recovery Rates of Loans and High Yield Securities

There are varying sources of statistical default and recovery rate data for loans and high yield securities and numerous methods for measuring default and recovery rates. The historical performance of the high yield market or the leveraged loan market referred to herein is not necessarily indicative of its future performance.

Uncertainty as to the Value of Certain Investments

A number of investments held by Global Credit Advisory Clients are investments in debt instruments that are not publicly traded. The fair value of these instruments may not be readily determinable. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed.

Mezzanine Investments

Certain Advisory Clients may make mezzanine investments, which investments are expected to be unsecured and made in companies whose capital structures have significant indebtedness ranking ahead of the investments, all or a significant portion of which may be secured. While the investments may

benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions and security over the issuer's assets, some or all of such terms may not be part of particular investments. Moreover, the ability of an Advisory Client to influence such an issuer's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Mezzanine investments generally are subject to various risks, including, without limitation: the possible invalidation of an investment transaction as a "fraudulent conveyance," (ii) the recovery of liens perfected or payments made on account of a debt in the period before an insolvency filing as a "preference," (iii) equitable subordination claims by other creditors, (iv) so called "lender liability" claims by an issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations.

Zero Coupon and PIK Bonds

Because investors in zero coupon or PIK bonds receive no cash prior to the maturity or cash payment date applicable thereto, an investment in such securities generally has a greater potential for complete loss of principal and/or return than an investment in debt securities that make periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

Counterparty Risk

Certain Advisory Clients are exposed to the risk that third parties that may owe the Advisory Client or (or an underlying company) money, securities or other assets will not perform their obligations. These parties include trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Advisory Client, or executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. In addition, any practice of rehypothecation of securities related to the Advisory Client investment held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency or failure of such counterparties. In addition, any Advisory Client's cash held with such a counterparty may not be segregated from the counterparty's own cash, and the Advisory Client therefore may rank as an unsecured creditors in relation thereto. The inability to recover such assets could have a material impact on the performance of the Advisory Client. The consolidation and elimination of counterparties resulting from the disruption in the financial markets has generally increased the concentration of counterparty risk and has decreased the number of potential counterparties.

Expedited Investment Decisions; Opportunistic Investments

Investment analyses and decisions in connection with investments by Advisory Clients may be required to be undertaken on an expedited basis to take advantage of investment opportunities. While Advisory Clients will generally not seek to make an investment until the Adviser has conducted sufficient due diligence to make a determination as to the acceptability of the credit quality of the investment and the underlying issuer, in such cases, the information available at the time of making an investment decision

may be limited. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment. Similar concerns may arise to the extent that an Advisory Client makes opportunistic investments in broadly syndicated debt. The circumstances of such investments may not facilitate the type of due diligence the Adviser seeks to conduct in respect of certain other investments, including direct lending investments.

Energy Industry Risks

Investments in the energy industry are subject to certain special risks, including the volatility of commodity prices, regulatory risk, regulatory approvals, political and social changes, documentation and other legal risk, sovereign risk, change of law, renewable energy policy risk, uncertainty of estimates, land title risk, construction risk, environmental matters, catastrophe risk, terrorist activities, climate change risk and new technology risk.

Interest Rate Fluctuations

General interest rate fluctuations may have a substantial negative impact on an Advisory Client's investment and investment opportunities and accordingly may have an adverse effect on an Advisory Client's investment objectives and the rate of return on invested capital. The securities and other instruments in which an Advisory Client will invest have valuations which are based on numerous factors, including specific company characteristics. However, such securities and other instruments are also susceptible to fluctuations in interest rates and, like treasury bonds, the prices of securities and other instruments can increase when interest rates fall and decline when interest rates rise.

1940 Act Regulations

The 1940 Act imposes numerous constraints on the operations of certain Advisory Clients, including the BDCs and Private Credit RIC, which may hinder their ability to take advantage of attractive investment opportunities and to achieve their investment objective. Furthermore, any failure to comply with the requirements imposed on Advisory Clients by the 1940 Act could cause the SEC to bring an enforcement action against the Adviser, one or more Advisory Clients and their affiliated persons and/or expose such Advisory Clients to claims of private litigants. With respect to the BDCs, upon approval of a majority of a BDC's stockholders, the BDC may elect to withdraw its status as a BDC. If a BDC decides to withdraw its election, or if it otherwise fails to qualify, or maintain its qualification, as a BDC, it may be subject to substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease a BDC Advisory Client's operating flexibility, and could significantly increase its costs of doing business.

In addition, the boards of the BDCs and the Private Credit RIC are not controlled by Carlyle or CGCIM, and such boards may choose not to renew the investment advisory agreement with CGCIM. In addition, from time to time, the independent directors of such boards are required to approve co-investments, and such directors may choose to decline to participate in the proposed investment opportunities even if the Adviser believe the investment opportunity is appropriate and within the respective Advisory Client's investment mandate.

Leveraged Nature of Preferred Interests

The preferred interests issued by certain Advisory Clients represent a highly leveraged investment in such Advisory Clients's underlying assets which could be significantly affected by, among other things, changes in the market value of, changes in the distributions, defaults and recoveries, capital gains and losses, prepayments and the availability, prices and interest rates of underlying assets. Accordingly, these securities may not be paid in full and may be subject to up to 100% loss. Furthermore, the leveraged nature of these securities may magnify the adverse impact on the preferred interests of changes in the market value, changes in the distributions, defaults and recoveries, capital gains and losses, prepayments and availability, prices and interest rates of the underlying assets.

U.S. Risk Retention Rules

Certain CLO Advisory Clients are subject to the credit risk retention requirements of the Dodd-Frank Act (the "U.S. Risk Retention Rules"). With respect to the regulation of CLOs, the U.S. Risk Retention Rules generally require one of the CLO sponsors (which, in many cases, will likely also be the manager of a CLO) retain not less than 5% of the credit risk of the assets collateralizing the CLO. The U.S. Risk Retention Rules became effective on December 24, 2016.

On February 9, 2018, the U.S. Court of Appeals for the District of Columbia Circuit ruled that the U.S. Risk Retention Rules do not apply to managers of open-market CLOs - CLOs for which the underlying assets are not transferred by the manager to the CLO issuer via a sale. On April 5, 2018, the U.S. District Court for the District of Columbia issued an order implementing this decision and vacating the U.S. Risk Retention Rules with respect to collateral managers of open-market CLOs. The deadline for the regulators to appeal the Risk Retention decision to the U.S. Supreme Court expired on May 10, 2018. As a result, Carlyle does not intend to act in accordance with the various restrictions the U.S. Risk Retention Rules imposed on sponsors of securitization transactions. Carlyle continues to review this decision and its ultimate impact on our business, including with respect to unwinding previous financing facilities put in place to satisfy the U.S. Risk Retention Rules for open-market CLOs entered into prior to May 10, 2018.

POTENTIAL CONFLICTS OF INTEREST

There will be occasions when CGCIM and its affiliates may encounter potential conflicts of interest in connection with an Advisory Client. There can be no assurance that CGCIM will resolve any conflict of interest in a manner that is favorable to a particular Advisory Client. Moreover, as a consequence of the Public Company being a publicly traded partnership, the officers, directors, members, managers and employees of Carlyle may take into account certain considerations and other factors in connection with the management of the business and affairs of an Advisory Client that would not necessarily be taken into account if the Public Company were not a publicly traded partnership. In addition to the conflicts of interest discussed elsewhere in this Brochure, the following discussion enumerates certain additional potential conflicts of interest:

Incentive Fee and Carried Interest

As described in Items 5 and 6, incentive fees and carried interest may create incentives to make riskier or more speculative investments on behalf of an investment vehicle than would be the case in the absence

of this arrangement. Pursuant to an Advisory Client's governing documents, the general partner of such Advisory Client may be required to return excess amounts of carried interest as a "clawback." This clawback obligation creates an incentive for the general partner to defer disposition of one or more investments or delay the liquidation of an Advisory Client if the disposition and/or liquidation would result in a realized loss to the Advisory Client or would otherwise result in a clawback situation for such general partner.

In addition, the manner in which a general partner of an Advisory Client's entitlement to carried interest is determined may result in a conflict between its interests and the interests of investors with respect to the sequence and timing of disposals of investments. For example, the members and partners of the general partner of an Advisory Client are generally subject to U.S. federal and local income tax (unlike certain of the investors). Investors should note in this regard that recently enacted tax reform legislation relating to the taxation of carried interest provides for a lower capital gains tax rate in respect of investments held for at least three years. Carlyle may be incentivized to operate an Advisory Client, including to hold and/or sell investments, in a manner that takes into account the tax treatment of its carried interest. While each Advisory Client's general partner generally intends to seek to maximize pre-tax returns for the relevant Advisory Client as a whole, such general partner may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments prior to any change in law that results in a higher effective income tax rate on its carried interest.

Incentive Management Fees

For the period TCG BDC and its affiliates retain all of the preferred interests of CDL CLO, CGCIM does not earn management fees for providing collateral management services to CDL CLO. TCG BDC currently retains all of the preferred interests of CDL CLO, thus CGCIM does not earn management fees for providing collateral management services to CDL CLO. As a result, CGCIM may receive less compensation for the services it provides to CDL CLO than for investment advisory services provided to other Advisory Clients. If none of TCG BDC or its affiliates retain all of the preferred interests of CDL CLO, CGCIM would be entitled, subject to certain limitations and priority-of-payment provisions set forth in CDL CLO's documentation, to a base management fee, a subordinated management fee and an incentive management fee. These fees may create incentives for CGCIM, as the collateral manager, to make decisions that may conflict with the interests of the holders of securities issued by CDL CLO. In particular, the manner in which the incentive management fee is determined could create a further incentive for CGCIM to make more speculative investments in CDL CLO's portfolio assets than CDL CLO would otherwise make, in order to increase the likelihood that the preferred interests issued by CDL CLO receive a rate of return sufficient to cause the internal rate of return threshold triggering the incentive management fee to be met. In addition, the amount of fees received by CGCIM as the collateral manager of CDL CLO will be reduced or even eliminated to the extent Carlyle Holders own the preferred interests to be issued by CDL CLO. As a result, CGCIM may receive less compensation for the services it provides to CDL CLO than it receives for investment advisory services it provides to other Advisory Clients.

As noted previously, CGCIM does not receive management fees or incentive management fees from MMCF.

Valuations of Investments

There may be situations in which CGCIM is incentivized to influence or manipulate the valuation of investments. For example, CGCIM could be motivated to overstate valuation in order to: (i) improve an Advisory Client's track record, (ii) minimize losses from write-downs that must be returned prior to an affiliate receiving carried interest, or (iii) for certain Advisory Clients, and to a lesser extent, increase fees due to CGCIM, such as a management fee that is calculated as a percentage of the value of the Advisory Client assets.

CGCIM values securities and instruments at their fair value in accordance with the Financial Accounting Standard Board's Accounting Standards Codification (ASC) Topic 820-10, "Fair Value Measurements." To facilitate this, CGCIM and its affiliates have a written valuation policy (the "Valuation Policy"), supplemented by guidance and valuation templates. If active market quotations are readily available, CGCIM or the respective board of directors of each BDC (and the MMCF board of managers) generally values securities or instruments at their market price, with a discount in certain cases of restricted securities or instruments. Otherwise, securities and instruments are valued based on management's judgment and estimation in accordance with the Valuation Policy, guidance and templates.

The valuation procedures may differ based on the type of security and/or instrument and the observability of market inputs, and may include reliance on analyses of similar companies, recent comparable transactions, and discounted cash flow models. CGCIM may alter the valuation procedures if one or more valuation techniques are no longer relevant or for which one or more valuation techniques become relevant, either due to limited availability of observable inputs or based on changes in the market of the type of security/instrument being valued. Investors typically receive disclosure regarding the Valuation Policy in the offering documents for the relevant Advisory Client.

As noted in Item 8 above, the board of directors of each BDC, with the assistance of CGCIM, is responsible for determining in good faith the fair value of such BDC's portfolio investments. As CDL CLO is consolidated with TCG BDC for financial reporting purposes, the fair value of CDL CLO's portfolio investments ultimately is subject to the approval of TCG BDC's board of directors, pursuant to TCG BDC's valuation procedures. Due to factors described in Item 8, there may be uncertainties as to the fair value of portfolio investments. MMCF will not be consolidated with TCG BDC for financial reporting purposes and, therefore, the fair value of MMCF's portfolio investments ultimately will be subject to the approval of the MMCF board of managers, pursuant to applicable valuation policies.

The board of trustees of the Private Credit RIC is responsible for the valuation of the Private Credit RIC's portfolio investments for which market quotations are not readily available, as determined in good faith pursuant to the Private Credit RIC valuation policy. Portfolio securities and other assets for which market quotes are readily available are valued at market value. The board of trustees of the Private Credit RIC has delegated day-to-day responsibility for implementing the portfolio valuation process to OCP. CGCIM, as sub-advisor to the Private Credit RIC, may from time to time provide assistance to OCP in its implementation of the portfolio valuation process.

Carlyle Capital Solutions

As described in Item 5, the fee potential inherent in using TCG Capital Markets (or an affiliate providing similar services with respect to loans) for a particular investment or transaction could be viewed as an incentive for the general partner of an Advisory Client to seek to refer, allocate or recommend an investment or transaction to an Advisory Client. It is possible that TCG Capital Markets (or an affiliate providing similar services with respect to loans) or one or more other Carlyle-sponsored investment vehicles may provide financing as part of a third-party purchaser's bid for or acquisition of an investment of an Advisory Client. The involvement of TCG Capital Markets (or an affiliate providing similar services with respect to loans) or one or more other Carlyle-sponsored investment vehicles as a provider of debt financing in connection with the potential acquisition of investments by third parties from an Advisory Client will give rise to potential or actual conflicts of interest, including the possibility of the general partner of the Advisory Client being motivated to cause the such Advisory Client to agree to terms with a third party with respect to which TCG Capital Markets (or an affiliate providing similar services with respect to loans) or one or more other Carlyle-sponsored investment vehicles is providing such debt financing that are less favorable to the applicable Advisory Client's portfolio company and/or the Advisory Client than might have been obtained from another third party that did not have access to such financing, which may adversely impact an Advisory Client.

Other Fees

As described in Items 5 and 6, CGCIM and its affiliates may be entitled to receive cash and non-cash fees in connection with the purchase, monitoring or disposition of investments or from unconsummated transactions. Investors will receive the benefit of certain such fees only as set forth in the governing documents of the relevant Advisory Client or as required by applicable law.

Other Activities of Management

CGCIM personnel will devote such time as shall be reasonably necessary to conduct the business affairs of each Advisory Client in an appropriate manner. CGCIM personnel will work on the business and operations of Carlyle and on other projects, including Carlyle's existing corporate investments and other Advisory Clients on behalf of affiliated advisers, such as CIM and Carlyle CLO Management. Therefore, conflicts may arise in the allocation of resources, including due to CGCIM's internal policies and compliance with applicable law and regulation. Such other projects may include serving on the boards of directors of companies (including those that were formerly portfolio companies), and such CGCIM personnel may receive and retain compensation for their activities, with no offset against management fees. Although Carlyle's founders are committed to Carlyle's business, the founders engage in personal investment or other activities as permitted under current policies, applicable offering documents and other governing documents; and to the extent such activities present conflicts of interest, CGCIM expects to employ appropriate mitigation procedures.

Investments in Which Another Advisory Client (or in Which a Vehicle or Account Managed by a Carlyle-Affiliated Investment Adviser) Has a Different Principal Investment

Certain Advisory Clients make investments in portfolio companies in which other Advisory Clients (and/or other vehicles or accounts managed by an investment adviser affiliated with CGCIM) have made or are concurrently making a different principal investment at the time of such Advisory Client's

investment (*e.g.*, in different parts of the capital structure). In such situations, the Advisory Clients (and/or other vehicles or accounts managed by an investment adviser affiliated with CGCIM) could have conflicting interests (*e.g.*, over the terms of, or actions taken with respect to, their respective investments, including equity versus debt investments or junior versus senior debt investments). In that regard, actions may be taken for one Advisory Client (or affiliated advisory client) that are adverse to another Advisory Client (or affiliated advisory client).

Investments in Which Another Advisory Client (or in Which a Vehicle or Account Managed by a Carlyle-Affiliated Investment Adviser) May be Deemed an Affiliate

With respect to the BDCs and Private Credit RIC, Sections 17 (with respect to Private Credit RIC) and 57(a) (with respect to the BDCs) of the 1940 Act may be implicated in the context of investment transactions involving (i) a BDC or Private Credit RIC and other Advisory Clients managed by CGCIM, or (ii) a BDC or Private Credit RIC and other advisory clients managed by an affiliate of CGCIM. Under these circumstances, the relevant BDC or Private Credit RIC and such other investment vehicle would be deemed to be under “common control” and such other investment vehicle would be deemed to be an affiliate of Private Credit RIC for purposes of Section 17 (as “Section 17 Affiliate”) or an affiliate of the BDCs for purposes of Section 57(b) (a “Section 57(b) Affiliate”), as applicable. Thus, absent an exemption, a BDC or Private Credit RIC (or a person controlled by a BDC or Private Credit RIC, such as CDL CLO or MMCF with respect to TCG BDC) and a Section 17 Affiliate or Section 57(b) Affiliate would be limited in their ability to effect transactions involving simultaneous or related investments in the same portfolio company. In this regard, a BDC generally cannot co-invest with a Section 57(b) Affiliate, and Private Credit RIC generally cannot co-invest with a Section 17 Affiliate, absent an SEC exemptive order unless the transaction involves no terms other than price being negotiated and certain other conditions are met. Where publicly traded securities are involved, ordinarily, orders for a BDC and a Section 57(b) Affiliate or Private Credit RIC and a Section 17 Affiliate may be aggregated without seeking SEC relief, subject to certain conditions.

Where a BDC or Private Credit RIC does not have exemptive or no-action relief from the SEC and investment opportunities are applicable to such BDC or Private Credit RIC (or a person controlled by such BDC or Private Credit RIC, such as CDL CLO or MMCF with respect to TCG BDC) on the one hand, and a Section 17 Affiliate or Section 57(b) Affiliate on the other hand, a co-investment transaction cannot be effected, and those opportunities must be allocated between such BDC and such Section 57(b) Affiliate, or Private Credit RIC and such Section 17 Affiliate, pursuant to a policy designed to equitably allocate opportunities.

Allocation of Investment Opportunities to Carlyle

Carlyle is, from time to time, presented with opportunities to acquire an investment advisory business or other financial services business that are attractive to Carlyle as a direct corporate investment and which would be incorporated as part of the Carlyle global investment advisory business. To the extent such opportunities are acquired by Carlyle on its own balance sheet, they are not viewed as portfolio investments, but instead as an addition to Carlyle’s operating business. Some of these acquisition opportunities may also appear to be suitable as potential investment opportunities for certain Advisory Clients. However, these potential direct corporate investments generally are excluded by contract from the investment mandate of potentially relevant Advisory Clients.

Allocation of Investment Opportunities with Other Advisory Clients and Conflicting Fiduciary Duties

CGCIM is, from time to time, presented with investment opportunities that fall within the investment objectives of multiple Advisory Clients, and in such circumstances, except as otherwise provided in the governing documents of the applicable Advisory Client (or investment management agreement in the case of a separately managed account), CGCIM will allocate such opportunities (including any related co-investment opportunities) among the Advisory Clients (including, without limitation, an allocation of 100% of such an opportunity to a single Advisory Client) on a basis that CGCIM reasonably determines in good faith to be fair and reasonable taking into account all factors CGCIM deems relevant, including the requirements of the governing documents of the applicable Advisory Clients (or investment management agreement in the case of a separately managed account), the sourcing of the transaction, the nature of the investment objective, mandate or policies, target return profile or projected hold period of each Advisory Client, results of underwriting analyses, including projected returns and target hold period for the investment, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for each such Advisory Client, applicable law and regulatory guidance and other considerations deemed relevant by CGCIM in good faith.

CGCIM will also consider the requirements of the exemptive relief that CGCIM and certain of its affiliates received from the SEC (the “Exemptive Relief”) authorizing specified joint transactions under the 1940 Act in allocations that involve the BDCs, Private Credit RIC or other registered funds. The Exemptive Relief allows, under specified conditions, Carlyle’s advisory clients that have elected to be regulated as “business development companies” under the 1940 Act and certain registered funds to invest alongside Carlyle and certain of Carlyle’s private funds and accounts (including certain Global Credit investment vehicles and entities within CCS) in the same investment opportunities, where such participation would otherwise be prohibited under the 1940 Act. As a result, Carlyle and certain Global Credit private funds and accounts may co-invest in transactions alongside the BDCs, Private Credit RIC, or other registered funds, to the extent permitted under the governing documents of those Global Credit investment vehicles and the terms and conditions of the Exemptive Relief. In addition, every investment opportunity that falls within the investment objective/strategies (and board-established criteria, where applicable) for the BDCs, Private Credit RIC or other registered funds must be shown to such Advisory Clients. Although such Advisory Clients are not required to participate, fulfilling these requirements could introduce a potential conflict of interest between the BDCs, Private Credit RIC, or other registered funds, and other Advisory Clients.

Carlyle may establish CGCIM Advisory Clients with investment objectives, mandates and policies that are substantially similar to those of another Advisory Client, but with a focus on investments with a different target return profile or different projected hold period (thereby making them inappropriate for the other Advisory Client). Carlyle may allocate investment opportunities to such Advisory Clients based on the anticipated targeted returns or projected hold periods based solely on Carlyle’s expectations at the time such investments are made. However, there can be no assurances that the actual returns from such investments will be in line with such targets or investments will be held from the projected hold period, and such investments may as a result prove to have been suitable for the other Advisory Client.

Allocations are further discussed below in Item 11.

Capital Calls and Use of Subscription Lines and Asset-Backed Facilities

The general partner of an Advisory Client may fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, one or more assets of the Advisory Client, *i.e.*, asset-backed facilities, or the undrawn capital commitments of investors, *i.e.*, subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings will be borne by the relevant Advisory Client and, accordingly, decrease net returns of such Advisory Client. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Advisory Client. In light of the foregoing, the general partner of an Advisory Client has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments. As a general matter, use of leverage in lieu of drawing down capital commitments amplifies returns (either negative or positive) to investors.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on investors and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in an Advisory Client as a result of restrictions imposed on such transfers by the lender. Moreover, tax-exempt investors should note that the use of borrowings by an Advisory Client may cause the realization of unrelated business taxable income.

Co-Investments

Carlyle is permitted to offer co-investment opportunities in its sole discretion, is not expected to offer co-investment with respect to all Advisory Client investments and may allocate any such opportunities in its sole discretion, including for example, on the basis of the size of investor commitments to Carlyle funds, vehicles and accounts. In making such allocation decisions, the general partner will be entitled to consider any interests and factors as it desires, including placing its own interests ahead of the interests of any other person. The allocation of co-investment opportunities will in many or all cases involve a benefit to Carlyle including, without limitation, the receipt of fees or allocation of carried interest from the co-investment opportunity, and capital commitments to Advisory Clients. Carlyle may or may not charge management fees, one-time funding/upfront fees and/or carried interest in respect of co-investments, as it determines in its sole discretion. While Carlyle's internal co-investment vehicles that invest alongside its Advisory Client funds are allocated a portion of expenses, including, but not limited to, broken deal expenses, all other co-investment vehicles (particularly those formed to invest alongside an Advisory Client fund in a single investment) generally will not share in broken deal expenses. Investing in an Advisory Client does not give investors any rights, entitlements or priority to co-investment opportunities.

The criteria that CGCIM considers in assessing potential co-investment opportunities includes but is not limited to: (i) whether a potential co-investor expressed an interest in evaluating co-investment opportunities; (ii) the potential co-investor's current relationship with CGCIM, including historical investment activity in Advisory Clients, the existence of accounts or vehicles formed to co-invest in

investments across all or a portion of the Carlyle platform (whether or not formed in connection with the admission of an investor to an Advisory Client) and the overall size of a potential co-investor's potential commitments to Advisory Clients; (iii) the timing of the potential co-investor's commitment to the Advisory Client, (iv) the size of the potential co-investor's interest to be held in the underlying portfolio company as a result of the Advisory Client's investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the Advisory Client), (v) whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Carlyle, the Advisory Client, or other funds or co-investments, (vi) the potential co-investor's ability to meet investment funding deadlines; (iv) the potential co-investment amount; (vii) the potential co-investor's ability to keep target investment information confidential; (viii) past positive or negative experiences with the potential co-investor; (ix) the expected amount of negotiations required in connection with a potential co-investor's commitment; (x) the potential for competition or other conflicts of interest with the target investment; (xi) the potential co-investor's ability to offer skillsets or relationships that are helpful to the target investment; and (xii) a belief that co-investment opportunity may cultivate a long-term relationship with the co-investor that may be indirectly beneficial to other or future Advisory Clients.

In addition to mandatory investments pursuant to Carlyle's commitment to an Advisory Client, the general partner of an Advisory Client typically has the right to allocate, in its sole discretion, between 5-10 percent of each investment opportunity available to Carlyle to Carlyle-related funds, accounts or vehicles, and Carlyle officers, employees, Operating Professionals and affiliates. Furthermore, Carlyle has formed (and may in the future form additional) funds, accounts or vehicles for the benefit of third party investors that will be entitled to a portion of such allocation with respect to some or all of the investment made by Advisory Client(s), such as funds, accounts or vehicles formed specifically or solely to participate in investments alongside Advisory Client(s). Such arrangements include programs designed to invest across Carlyle's platform that are structured in part to invest alongside one or more Advisory Clients through a single account or vehicle, with Carlyle's management fee and carried interest (or incentive allocation) in respect of investments made alongside an Advisory Client generally determined by reference to the terms of the applicable Advisory Client and calculated solely with respect to such investments.

In making co-investment allocation decisions, the general partner will be entitled to consider any interests and factors as it desires, including placing its own interests ahead of the interests of any other person. For example, the general partner may take into account the potential fees and carried interest that may be earned as a result of the participation of such other Carlyle-related funds, accounts or vehicles. The remaining portion of any such opportunity would then be subject to Carlyle's overall allocation policies, including the policy described under "Allocation of Investment Opportunities with Other Advisory Clients and Conflicting Fiduciary Duties."

Carlyle Policies and Procedures

Policies and procedures implemented by Carlyle or its affiliates from time to time (including as may be implemented in the future) to mitigate actual or potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across Global Credit's areas of operation or expertise that an Advisory Client expects to draw on for purposes of pursuing attractive investment opportunities.

Operating Professionals

CGCIM engages and retains Operating Professionals who receive payments from, or allocations with respect to, portfolio companies (as well as from Advisory Clients) for their services (including for serving on a portfolio company's board of directors). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or Advisory Clients will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by CGCIM, be deemed paid to or received by CGCIM (nor will such amounts be deemed paid to or received by affiliates or personnel of CGCIM) and such amounts will not be subject to the management fee offset provisions described in Item 5 (meaning that such compensation received from the portfolio company will be indirectly borne by the Advisory Client without any offset to such Advisory Client's management fee). Advisory Clients may indemnify these Operating Professionals for actions taken with regards to the Advisory Client or its portfolio companies. To the extent Operating Professionals are engaged through a retainer agreement with CGCIM, Carlyle may elect to bear the expense of base retainer fees. Certain Operating Professionals have the right or are offered the ability to co-invest without fees or carry alongside or in Advisory Clients, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio company (which may have the effect of reducing the amount invested by and returned in respect of an Advisory Client investment). Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors alongside or in other Advisory Clients.

The nature of the relationship with each of the Operating Professionals and the amount of time devoted or required to be devoted by them varies considerably. They are either compensated (including pursuant to retainers and expense reimbursement, and, in any event, pursuant to negotiated arrangements which will not be confirmed as being comparable to the market rates for such services) by CGCIM, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Operating Professionals are subject to contractual obligations to exclusively provide certain services to CGCIM. Such Operating Professionals and/or other service providers may share office space with Carlyle employees. Over time, certain existing and former employees of Carlyle (including senior Carlyle personnel) may transition to an Operating Professional role. Such a transition would have the effect of shifting the burden of the compensation of such employees from CGCIM to the applicable Advisory Client and/or its portfolio companies.

Service Providers

Services required by an Advisory Client (including some services historically provided by Carlyle to its sponsored investment vehicles) may for certain reasons, including efficiency considerations, be outsourced in whole or in part to third parties in the discretion of Carlyle or the general partner of an Advisory Client in connection with the operation of the Advisory Client, and such general partner will have an incentive to outsource such services at the expense of the Advisory Client in order to leverage the use of Carlyle's employees. Such outsourced services may include, without limitation, deal sourcing, asset management, information technology, licensed software, data processing, trading, settlement, client relations, administration, marketing material reviews, anti-money laundering/know-your customer and similar customer due diligence reviews custodial, accounting, legal and tax support and other services. Outsourcing may not occur uniformly for all Carlyle-sponsored investment vehicles and, accordingly, certain costs may be incurred by an Advisory Client through the use of third party service providers that are not incurred for comparable services used by other Carlyle-sponsored investment

vehicles. The decision by Carlyle to initially perform particular services in-house for the Advisory Client will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. The costs, fees or expenses of any such third party service providers will be an expense of the Advisory Client and borne by such Advisory Client. Carlyle will determine (in its discretion based on relevant experience, its belief regarding market practice and such other factors as it determines relevant under the circumstances) the fees, carried interest and other consideration payable to deal sourcers (who may be exclusive to Carlyle), asset managers and other service providers.

Certain advisors and other service providers, or their affiliates (including, without limitation, accountants, administrators, lenders, bankers, brokers or other deal “sourcers”, attorneys, consultants, custodians, investment or commercial banking firms, valuation agents and certain other service providers, advisors and agents) provide goods or services to Advisory Clients, Carlyle-sponsored or -affiliated investment vehicles and/or their portfolio companies, or have business, personal, political, financial or other relationships with Carlyle, its affiliates, employees and its portfolio companies. Certain service providers, including lenders, are owned by a Carlyle-sponsored or -affiliated investment vehicle(s). Additionally, certain Carlyle employees have ownership interests in certain service providers to Advisory Clients and/or other Carlyle entities. Such service providers or their affiliates may be (i) investors in an Advisory Client (or an affiliate of an Advisory Client), (ii) affiliates of Carlyle, the general partner of a Carlyle-sponsored investment vehicle, and/or their affiliates, (iii) sources of investment opportunities, (iv) co-investors or counterparties or (v) entities in which Carlyle and/or a Carlyle-sponsored investment vehicle has an investment, and payments by a Carlyle-sponsored investment vehicle and/or such portfolio company may indirectly benefit Carlyle and/or such other Carlyle entity. These relationships and the potential of leveraging the capabilities of its personnel through the use of service providers (as such, for example, deal sourcers and operating or development partners who, in each case may be exclusive to Carlyle) may influence CIM in deciding whether to select or recommend such a provider (or affiliate thereof) to perform services for such Advisory Client or a portfolio company (the cost of which will generally be borne directly or indirectly by the Advisory Client or such portfolio company, as applicable). Notwithstanding the foregoing, investment transactions for an Advisory Client that require the use of a service provider will generally be allocated to service providers on the basis of CGCIM’s judgment as to best execution, the evaluation of which includes, among other considerations, such service provider’s provision of certain investment-related services and research that CGCIM believes to be of benefit to the Advisory Client.

In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Carlyle, the general partner of an Advisory Client, CGCIM or their affiliates as compared to services provided to Advisory Clients and portfolio companies, which may result in more favorable rates or arrangements than those payable by the Advisory Clients or such portfolio companies.

Side Letters

The general partner (or similar managing fiduciary) of a Carlyle-sponsored investment vehicle advised by CGCIM may enter into side letters or other similar agreements with investors in connection with their admission to such Carlyle-sponsored investment vehicle without the approval of any other investor. The side letters or other similar agreements have the effect of establishing rights under, altering or supplementing the terms of the governing documents of such applicable Carlyle-sponsored investment vehicle with respect to one or more such investors in a manner more favorable to such investors than

those applicable to other investors. Any rights established, or any terms of the governing documents of such applicable Carlyle-sponsored investment vehicle altered or supplemented in a side letter or other similar agreement with an investor will govern solely with respect to such investor notwithstanding any other provision of the governing documents of such applicable Carlyle-sponsored investment vehicle related thereto. Such rights or terms in any such side letter may include, without limitation, (i) fee and other economic arrangements with respect to such investor; (ii) excuse or exclusion rights applicable to particular investments or terms relating to withdrawal rights from the investment vehicle, including without limitation, as a result of an investor's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors, (which may materially increase the percentage interest of other investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of the Carlyle-sponsored investment vehicle); (iii) additional or modified reporting obligations of the applicable general partner (or similar managing fiduciary); (iv) waiver of certain confidentiality obligations; (v) prior consent of the general partner (or similar managing fiduciary) to certain transfers by such investor; (vi) special rights with respect to co-investment allocation and participation; (vii) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor; (viii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (ix) additional obligations and restrictions of the applicable general partner (or similar managing fiduciary) with respect to the structuring of any particular investment in light of the legal, tax and regulatory considerations of particular investors; (x) agreements to assist with the taking or defending of tax positions and (xi) certain obligations and restrictions on the applicable general partner (or similar managing fiduciary) with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms.

Except as otherwise agreed with an investor, the general partner (or similar managing fiduciary) of an Advisory Client does not have an obligation to give investors notice of any side letters entered into. However, subject to confidentiality obligations, the general partner (or similar managing fiduciary) may make available copies of all side letters or a compendium containing the provisions of any such side letters, which may be redacted of any identifying information. Such copies or compendium may be made available to an investor only after such investor has been admitted to such Carlyle-sponsored investment vehicle.

CGCIM enters into strategic partnerships directly or indirectly with investors that commit significant capital to a range of products and investment ideas sponsored by CGCIM. Such arrangements may include CGCIM granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to an Advisory Client when applied to the entire strategic partnership. Such preferential terms are generally not subject to the "most favored nation" provisions of the governing documents of a particular Advisory Client. Investors may be able to elect to benefit from such arrangements if they comply with the general parameters of the entire strategic partnership.

Carlyle and its affiliates and employees have made, and may in the future make, oral and written statements or expressions of intent or expectation to investors in the funds or their affiliates or acknowledge statements by such persons ("Outside Statements") regarding Advisory Clients or Carlyle's activities pertaining thereto. These may include, for example, the anticipated or expected allocation and terms of co-investment opportunities, the anticipated or expected allocation of investment

opportunities to the Advisory Clients generally and other topics often addressed in legally binding side letters. Although such Outside Statements are not legally binding, such Outside Statements may influence allocation and other decisions of Carlyle and its affiliates and employees with respect to the operations and investment activities of the Advisory Clients and may influence a prospective investor's decision as to whether to invest in the Advisory Clients. By virtue of not being legally binding obligations, such Outside Statements will not be considered side letters for purposes of any most-favored-nation provisions in actual side letters of the Advisory Clients. There can be no assurance that any such arrangements will not have an adverse effect on the Advisory Clients or any investor.

Transactions with Potential and Actual Investors and Co-Investors

CGCIM and its affiliates from time to time engage in transactions with prospective and actual investors and co-investors that entail business benefits to such investors. Such transactions may be entered into prior to, or coincident with, an investor's admission to an Advisory Client (or commitment to co-invest) or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to one or more Advisory Clients and their respective portfolio companies. Examples include the ability to co-invest alongside Advisory Clients, sales of companies to investors and recommendations to underwriters for allocations in initial public offerings, or loans to co-investors (or joint venture partners) by Carlyle or a Carlyle-sponsored investment vehicle. An Advisory Client may sell investments to any third party, including investors in such Advisory Client or other Advisory Clients.

Personnel

CGCIM and its affiliates from time to time hire short-term or long-term personnel (or interns) who are relatives of or are otherwise associated with an investor, portfolio company or a service provider. Although reasonable efforts are made to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee that CGCIM can control for all such potential conflicts of interest, and there may continue to be an ongoing appearance of a conflict of interest.

Portfolio Company Relationships

The portfolio companies of certain Advisory Clients and the borrowers or issuers of financial instruments held by certain Advisory Client portfolios may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other advisory clients that, although Carlyle determines to be consistent with the requirements of such Advisory Clients' governing agreements, may not have otherwise been entered into but for the affiliation with Carlyle, and which may involve fees and /or servicing payments to Carlyle-affiliated entities which are not subject to the management fee offset provisions described in Item 5.

Certain Guarantees

From time to time counterparties to transactions in which an Advisory Client participates (including lenders) may require such Advisory Client to guarantee, or otherwise be liable for, the obligations of other Advisory Clients and accounts participating in such transactions. In such situations, it is not expected that such Advisory Client would be compensated for providing such guarantee.

TCG BDC Ownership of CDL CLO's Preferred Interests

TCG BDC, as CDL CLO's originator, holds all of CDL CLO's outstanding preferred interests. CDL CLO's documentation provides for certain actions to occur at the direction of the specified percentage of preferred interests, including an optional redemption of securities issued by CDL CLO. In addition, in the event of a resignation, termination or removal of CGCIM as the collateral manager of CDL CLO, a majority of the preferred interests will have the right to appoint a successor collateral manager, subject to certain limitations. It may be difficult or not possible, so long as TCG BDC owns the preferred interests, to take such actions without the consent of TCG BDC. To the extent that the interests of the holders of the rated notes issued by CDL CLO differ from the interests of the holders of the preferred interests, TCG BDC's ownership of all or a significant portion of the outstanding preferred interests may create additional conflicts of interest. In addition, TCG BDC, as the initial holder of all of the preferred interests issued by CDL CLO, will exercise the rights of such a holder, which may conflict with or be adverse to the interests of the holders of the rated notes issued by CDL CLO.

TCG BDC Ownership of MMCF

TCG BDC and its affiliates that are advised by CGCIM may be required to present certain qualifying investments to MMCF.⁸

Class Action Notices

On occasion, CGCIM receives class action notifications inviting Advisory Clients to participate in a class action lawsuit and/or settlement as applicable. In assessing whether to participate, CGCIM will calculate an estimate of the potential recovery amount, including projected legal and administrative costs. If the cost of participation appears likely to exceed the potential recovery amount or result in a *de minimis* settlement amount for the Advisory Client, CGCIM may conclude that it is not appropriate for the Advisory Client to participate in the class action.

ITEM 9. DISCIPLINARY INFORMATION

Except as described below, neither CGCIM nor any its professionals has been the subject of any legal or disciplinary matter of an investment-related nature that would be material to an existing or prospective Advisory Client's evaluation of CGCIM's advisory business or the integrity of its management.

In the ordinary course of business, Carlyle is a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. Certain of these matters are described below. Carlyle believes that the matters described below are without merit. Additional information may also be available in current public filings with the SEC for the Public Company (see ir.carlyle.com). For information regarding Carlyle, please see Part 1 and Part 2 of Form ADV of Carlyle Investment Management L.L.C. available at: <http://www.adviserinfo.sec.gov/>.

⁸ See also Item 11 – "Allocation of Investments".

Along with many other companies and individuals in the financial sector, Carlyle and Carlyle Mezzanine Partners, L.P. (“CMP”) are named as defendants in *Foy v. Austin Capital*, a case filed in June 2009 in state court in New Mexico, which purports to be a qui tam suit on behalf of the State of New Mexico under the state Fraud Against Taxpayers Act (“FATA”). The suit alleges that investment decisions by New Mexico public investment funds were improperly influenced by campaign contributions and payments to politically connected placement agents. The plaintiffs seek, among other things, actual damages for lost income, rescission of the investment transactions described in the complaint and disgorgement of all fees received. In September 2017, the Court dismissed the lawsuit and the plaintiffs then filed an appeal seeking to reverse that decision. The Attorney General may also pursue its own recovery from the defendants in the action.

Carlyle Capital Corporation Limited (“CCC”) was a fund sponsored by Carlyle that invested in AAA-rated residential mortgage backed securities on a highly leveraged basis. In March of 2008, amidst turmoil throughout the mortgage markets and money markets, CCC filed for insolvency protection in Guernsey. The Guernsey liquidators who took control of CCC in March 2008 filed a suit on July 7, 2010 against Carlyle, certain of its affiliates and the former directors of CCC in the Royal Court of Guernsey seeking more than \$1.0 billion in damages in a case styled *Carlyle Capital Corporation Limited v. Conway et al.* On September 4, 2017, the Royal Court of Guernsey ruled that Carlyle and the CCC board of directors acted reasonably and appropriately in the management and governance of CCC and that none of Carlyle, its affiliates or former directors of CCC had any liability. In December 2017, the plaintiff filed a notice of appeal of the trial court decision. A hearing before the Guernsey appellate court took place from October 8 through October 18, 2018. We are waiting for the Guernsey appellate court to hand down the final judgment. In December 2017, Carlyle received approximately \$29.8 million from the plaintiff as a deposit towards its obligations to reimburse Carlyle for legal fees and expenses incurred to defend against the claims, but such amount is subject to adjustment pending a final determination of the correct reimbursement amount and the ultimate outcome of the appeal process.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The following discussion enumerates certain potential conflicts of interest arising from certain of the financial industry activities and affiliations of CGCIM and its affiliates.

Affiliated Broker-Dealers

An affiliate of CGCIM, TCG Securities, L.L.C. (“TCG Securities”), is registered with the SEC as a limited purpose broker-dealer and is a member of the FINRA. TCG Securities acts as placement agent (and provides related services), on a best efforts basis, with respect to the offer and sale of investment funds and certain interests in private investment vehicles (most of which are affiliated, and include Advisory Clients) and interests in special purpose vehicles (including debt and equity tranches of collateralized loan obligations for which CGCIM or CLO Management serve as collateral manager). TCG Securities does not intend to hold funds or securities for, or owe money or securities to, clients generally. Certain registered representatives of TCG Securities also may be providing investment advisory services to Advisory Clients and to advisory clients of Carlyle-affiliated investment advisers. These individuals are subject to the policies and procedures of TCG Securities when engaging in securities-related transactional activities in addition to CGCIM’s (or the relevant Carlyle-affiliated advisers’) policies and procedures.

In 2018, Carlyle obtained FINRA approval for TCG Capital Markets, an affiliated broker-dealer entity that operates as part of the CCS platform within Global Credit, and engages in the underwriting, syndication and placement of securities of corporate issuers in private transactions, among other related activities, including U.S.-based marketing and fundraising for Global Credit Advisory Clients. In addition, TCG Capital Markets is registered as a broker-dealer with the SEC and in 49 states and the District of Columbia. The CCS platform also includes TCG Senior Funding, an affiliate of TCG Capital Markets, which has been established to underwrite, originate and syndicate loans.

As discussed in Item 5, CCS may collect a fee for syndicating and underwriting loans and certain securities to Carlyle portfolio companies and third-party participants. Certain registered representatives of TCG Capital Markets also may be providing investment advisory services to Advisory Clients and to advisory clients of Carlyle-affiliated investment advisers. These individuals are subject to the policies and procedures of TCG Capital Markets when engaging in securities-related transactional activities in addition to CGCIM's (or the relevant Carlyle-affiliated advisers') policies and procedures.

CCS may, from time to time, manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities, debt instruments and loans of portfolio companies and other non-controlled entities in or through which Advisory Clients and other Carlyle-affiliated advisory clients have invested including in respect of securities or other instruments of such portfolio companies in which Advisory Clients and other Carlyle-affiliated advisory clients have invested, and with respect to securities and other instruments held directly or indirectly by certain co-investment vehicles. In addition, CCS may otherwise be involved in the private placement of such securities and other instruments, and/or may provide capital markets advisory services to portfolio companies and other noncontrolled entities in or through which Advisory Clients or other Carlyle-affiliated advisory clients invest, including in connection with mergers and acquisitions, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through investments of Advisory Clients or other Carlyle-affiliated advisory clients. CCS may also provide syndication services to such entities including in respect of co-investments in transactions participated in by Advisory Clients or other Carlyle-affiliated advisory clients. CCS may receive fees, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments and other compensation, which may be payable in cash or securities and/or loans, in respect of the activities described above and may elect to waive such fees. CCS may, as a consequence of such activities, from time to time hold positions in instruments or securities and/or loans issued by portfolio companies, including, for example, where CCS commits to fund the shortfall amount, if any, resulting from the incomplete syndication of debt, including loans, or equity. Under such circumstances, CCS may commit to provide capital support for the syndication on a short-term basis (*i.e.*, to provide certainty to Advisory Clients or other Carlyle-affiliated advisory clients that there will be sufficient capital to complete the proposed transaction) or fund a different instrument or security in the portfolio company than that held by Advisory Clients or other Carlyle-affiliated advisory clients to facilitate the syndication. In either scenario, CCS typically will sell its holdings prior to Advisory Clients or other Carlyle-affiliated advisory clients disposing of their respective investments in the portfolio company.

CCS also may act as placement agent or underwriter of securities and/or loans of a third party that Advisory Clients or other Carlyle-affiliated advisory clients may purchase. CCS may act as the placement agent, on a best efforts basis, with respect to the offer and sale of certain interests in private investment vehicles and special purpose vehicles for Advisory Clients or other Carlyle-affiliated

advisory clients in certain jurisdictions. CCS does not generally receive compensation for such service; however if compensation is received, such compensation would be made on a fully disclosed basis. CCS does not otherwise execute transactions on behalf of Advisory Clients or other Carlyle-affiliated advisory clients. While fees, commissions, upfront placement fees, interest payments and other compensation paid to CCS are generally believed by CGCIM to be reasonable and charged at rates that are market rates for the relevant activities, such compensation could be determined through negotiation with related parties. Advisory Clients or other Carlyle-affiliated advisory clients generally do not have the right to share in the compensation received by CCS for its role in any transaction, unless specifically required (*e.g.*, Exemptive Order).

The relationship CGCIM and CIM have with CCS may give rise to a potential conflict of interest between CGCIM and Advisory Clients or other Carlyle-affiliated advisory clients that have an interest in any portfolio companies or investment vehicles with respect to which CCS provides services. In particular, CGCIM may be seen as incentivized to seek to influence the decision to retain CCS, or transact with CCS, instead of other unaffiliated broker-dealers or other service providers or counterparties that may be more appropriate or offer better terms. Where CCS acts as a lender to a portfolio company in which Advisory Clients or other Carlyle-affiliated advisory clients hold investments in the same or different levels of the capital structure, the arrangement may lead to a conflict between CCS and the Advisory Clients or other Carlyle-affiliated advisory clients in the event of a default by, or the liquidation of, the portfolio company or a restructuring or renegotiation of the terms of the loan. In certain circumstances, including without limitation, where a portfolio company becomes distressed and the participants in the relevant offering have a valid claim against the underwriter, the participating Advisory Clients or other Carlyle-affiliated advisory clients may have a conflict in determining whether to seek recourse or sue CCS. CGCIM could also be seen as incentivized to structure portfolio company transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for CCS to be retained by a portfolio company or acquisition company established for the relevant transaction and generate fees, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments or other compensation for such an affiliated broker).

CCS also provides financing and capital markets services to third parties that are not portfolio companies including third parties that are competitors of portfolio companies of particular Advisory Clients or other Carlyle-affiliated advisory clients, or that are service providers, suppliers, customers, or other counterparties with respect to such companies (“competitor companies”) and may act as placement agent in respect of investment funds that are sponsored and managed by other third party investment managers, including funds that may compete with Advisory Clients or other Carlyle-affiliated advisory clients. In addition, CCS may also be engaged to provide financing or other capital markets services to third parties in connection with transactions that may also be appropriate for Advisory Clients or other Carlyle-affiliated advisory clients. In some cases, these services offered to third parties in connection with a transaction may be provided concurrently with services being provided in a similar manner to Advisory Clients or other Carlyle-affiliated advisory clients even if the Advisory Clients or other Carlyle-affiliated advisory clients has a competing interest with the third party. In providing such services to third parties, including to competitor companies, CCS may come into possession of information that they are prohibited from acting on (including on behalf of an Advisory Clients or other Carlyle-affiliated advisory clients) or disclosing to CGCIM or its affiliates as a result of applicable confidentiality

requirements or applicable law, even though such action or disclosure would be in the best interests of Advisory Clients or other Carlyle-affiliated advisory clients.

CCS' ability to receive commissions or other transactional compensation in certain capital markets transactions on the basis of an Advisory Clients' or other Carlyle-affiliated advisory clients' participation may be limited in certain circumstances. As a result, in the event that such services are provided to an issuer that is or becomes a potential investment opportunity for Advisory Clients or other Carlyle-affiliated advisory clients, this limit on compensation may create a conflict of interest with such Advisory Clients or other Carlyle-affiliated advisory clients. Where CCS serves as underwriter with respect to a security or loan in which an Advisory Client or other Carlyle-affiliated advisory client invests, such Advisory Client or other Carlyle-affiliated advisory client may be subject to a "lock-up" period during which time the investment may not be sold, and may prejudice the Advisory Clients' or other Carlyle-affiliated advisory clients' ability to dispose of such investment at an opportune time. CCS may have access to confidential and/or material, non-public information regarding Advisory Clients, other Carlyle-affiliated advisory clients or their portfolio companies and, subject to applicable law and confidentiality agreements, may use such information in connection with financing and other services provided by CCS. CGCIM reviews such transactions to ensure that the requirements of Section 206(3) of the Advisers Act in respect of principal transactions between any Advisory Clients or other Carlyle-affiliated advisory clients and Carlyle or its affiliates (including CCS) are complied with in the context of such transactions.

An affiliate of CGCIM, Carlyle Australia Equity Management Pty Limited ("CAEM"), is incorporated in Australia and is licensed by the Australian Securities and Investments Commission as an Australian financial services licensee. As an Australian financial services licensee, CAEM is authorized to carry on a financial services business to provide advice on and deal in financial products (managed investment schemes and securities) for wholesale clients. CAEM does not currently intend to hold client monies or securities for, or owe money or securities to, clients generally. CAEM and its individual staff members are subject to the policies and procedures of CAEM when performing its authorized financial services activities in addition to CGCIM's (or the relevant Carlyle-affiliated advisers') policies and procedures.

Another affiliate of CGCIM, Carlyle Hong Kong Equity Management Limited ("CHKEM"), is incorporated in Hong Kong and is licensed by the Hong Kong Securities and Futures Commission to carry on Type 1 (dealing in securities) regulated activity in respect of professional investors. CHKEM does not hold client monies or assets on behalf of clients. CHKEM and its individual staff members are subject to the policies and procedures of CHKEM when performing its regulated activities in addition to CGCIM's (or the relevant Carlyle-affiliated advisers') policies and procedures.

Another affiliate of CGCIM, Carlyle Singapore Investment Advisers Pte Limited ("CSIAL") holds a capital market services license and an exempt financial adviser status registration with the Monetary Authority of Singapore to carry on fund management and dealing in securities activities in respect of institutional and accredited investors. CSIAL and its individual staff members are subject to the policies and procedures of CSIAL when performing its regulated activities in addition to CGCIM's (or the relevant Carlyle-affiliated advisers') policies and procedures.

Affiliated Advisers under Common Control – Separate Federal Registrants

CGCIM is under common control with several Carlyle-affiliated investment advisers that are separately registered as investment advisers under the Advisers Act, including CIM, Carlyle CLO Management (a relying adviser of CIM), and CASP, which were described above in Item 4.

Related General Partners/Managing Members

CGCIM is under common control with several general partners/managing members of Carlyle-sponsored investment vehicles. CGCIM, either directly or indirectly, enters into investment advisory agreements to provide all investment advisory services regulated by the Advisers Act to certain Carlyle-sponsored investment vehicles.

Other Carlyle Affiliations

Due to the fact that the Public Company is a publicly traded limited partnership and that Carlyle has many different asset management and advisory businesses that operate on a global basis, CGCIM may be subject to increased scrutiny and greater regulatory oversight than it would be absent the Carlyle relationship. In addition, increased regulatory oversight of Carlyle and its affiliates may impose additional requirements and administrative burdens on CGCIM, including, without limitation, implementing new policies and procedures and complying with reporting obligations.

CGCIM may invest on behalf of its Advisory Clients in companies or other entities in which Carlyle-affiliated advisory clients have or are concurrently making a separate investment and, likewise, Carlyle-affiliated advisory clients may invest in companies or other entities in which Advisory Clients have an existing investment or are concurrently making an investment. In such situations, Advisory Clients and such other Carlyle-affiliated advisory clients may have conflicting interests (*e.g.*, over the terms of, or actions taken with respect to, their respective investments). Further, in a bankruptcy proceeding, the interests of CGCIM's Advisory Clients may be subject to enhanced scrutiny, subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of Carlyle relating to such affiliate's investment.

As noted in Item 4, certain supervised persons of CIM and Carlyle CLO Management are also supervised persons of CGCIM. Providing investment advisory services to more than one advisory client managed by different investment advisers may give rise to conflicts to the extent that an employee's fiduciary duties to one advisory client may conflict with the interests of another advisory client. To address perceived conflicts of this nature, CGCIM has adopted and implemented policies and procedures, including regarding the allocation of investment opportunities, described in Item 11.

Other Competitive Activities

Other investment advisers affiliated with Carlyle (or their employees), including CIM, Carlyle CLO Management and CASP, may conduct other business activities that could present a potential conflict of interest with Carlyle, CGCIM and/or CGCIM's Advisory Clients. For example, within Global Credit, advisory clients of CIM, Carlyle CLO Management and CASP and Advisory Clients of CGCIM may be

in competition for similar investment opportunities. Please see “Allocation of Investments” below for a more detailed discussion of the procedures adopted regarding this potential overlap.

Possession of Material, Non-Public Information and other Trading Restrictions

As discussed in Item 8, Carlyle has implemented an information barrier to segregate the flow of material, non-public information between Global Credit, including CGCIM and other investment advisers, as well as personnel in Global Credit, and the rest of Carlyle. The purpose of this information barrier is, among other things, to insulate material, non-public information, such that the investment activities of Global Credit, on the one hand, and the rest of Carlyle, on the other hand, are not otherwise restricted because one business unit may have material, non-public information that would be imputed to the other business unit in the absence of an information barrier. From time to time Carlyle may permit an investment professional within Global Credit to participate in certain Carlyle-related investment advisory activities outside of Global Credit. To the extent such investment professional acquires material, non-public information in connection with such activities Global Credit may be restricted from making certain investments.

At the same time, within Global Credit, there is no information barrier between CIM, CGCIM and certain other separately registered investment advisers affiliated with CGCIM that are part of the group (with the exception of an information barrier within Carlyle Aviation Partners affecting CASP). Global Credit generally operates a restricted list to which CGCIM’s Advisory Clients and Global Credit’s CIM advisory clients are subject. As a consequence, CGCIM and CIM may not be able to buy or sell a particular security on behalf of certain of its advisory clients because Global Credit may be deemed to be in possession of material, non-public information. Similarly, in such circumstances, CGCIM and CIM may not be able to dispose of a security owned by an advisory client, even in a declining market, until the information becomes publicly available or no longer material and the security is no longer restricted.

Also, as discussed in Item 8, Carlyle has implemented an information barrier to segregate the flow of material, non-public information between CCS and the rest of Carlyle, including Global Credit. The purpose of this information barrier is, among other things, to insulate material, non-public information, such that the investment activities of the rest of Carlyle, including Global Credit, are not otherwise restricted because CCS may have material, non-public information that would be imputed to the other business units in the absence of an information barrier.

Carlyle, including Global Credit, also may from time to time erect information barriers or similar policies, procedures or guidelines for reasons of insulating material, non-public information and Carlyle may decide to remove information barriers. Carlyle has established policies and procedures regarding the implementation and operation of information barriers and trains its professionals on such policies and procedures.

Other Activities and Relationships

CGCIM personnel may serve on the boards of directors of portfolio companies of Advisory Clients. Serving in such capacity may give rise to conflicts to the extent that an employee’s fiduciary duties to a portfolio company as a director may conflict with the interests of an Advisory Client.

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

Codes of Conduct

CGCIM has adopted and implemented a Code of Conduct that sets forth standards of ethical conduct for personnel and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act and Rule 17j-1 of the 1940 Act. Among other things, the Code of Conduct prescribes standards for dealing with clients ethically, addresses conflicts of interest issues, and supplements personal trading and operating procedures, including Carlyle's Policies and Procedures Regarding Material, Non-Public Information and the Prevention of Insider Trading. The Code of Conduct provides guidance in specific areas, including but not limited to, confidentiality of Carlyle information, personal investments, gifts and entertainment and personal political activities. This Code of Conduct is available to Advisory Clients, investors or prospective Advisory Clients or investors by writing to Carlyle Global Credit Investment Management L.L.C., 520 Madison Avenue, 38th Floor, New York, NY 10022, Attn: Investor Relations.

Further, Carlyle has adopted additional written policies and procedures to account for the pay-to-play regulations promulgated by the SEC, and to comply with the New York Attorney General's Public Pension Fund Reform Code of Conduct⁹, which governs Carlyle's interactions with U.S. public pension funds.

Carlyle has developed and integrated into its investment process a set of responsible investment guidelines that consider the environmental, social and governance implications of its control-oriented investments. Those guidelines are available to clients, investors or prospective clients or investors by writing to the address noted above or by visiting Carlyle's website (www.carlyle.com).

Cross Transactions

A cross transaction occurs when one client of an investment adviser sells an asset directly to, or purchases an asset directly from, another client of that investment adviser. CGCIM from time to time allows its Advisory Clients to engage in cross transactions.

Cross transactions may benefit advisory clients because they can eliminate certain transaction fees. They also create conflicts of interest because, by not exposing buy and sell transactions to market forces, advisory clients may not receive the benefits of best price, or, an adviser might seek to prop up the performance of one advisory client by selling its under-performing assets to another advisory client in order, for example, to earn higher fees.

CGCIM has established policies and procedures that address permissible cross transactions between Advisory Clients. Subject to the terms of the Advisory Client's organizational documents as well as applicable law and regulations: (i) notice must be provided to each Advisory Client or an independent representative of each such Advisory Client prior to proceeding with the cross transaction; (ii) if an investor advisory committee of a particular Advisory Client has been established under the Advisory

⁹ This code of conduct is available to clients, investors or prospective clients or investors by writing to Carlyle Investment Management L.L.C., 1001 Pennsylvania Avenue, NW, Suite 220 South, Washington, DC, 20004, Attn: Investor Relations.

Client's charter and organizational documents, it must provide consent (generally by majority of the committee's members) prior to engaging in such cross transaction; and (iii) records of such notices and consents must be maintained as part of CGCIM's books and records.

Typically, the governing agreements for each of the Advisory Clients address permissible cross transactions. In the case of a separately managed account, the investment management agreement or similar documentation addresses cross transactions.

Global Credit follows separate procedures when a cross transaction involves Private Credit RIC, the BDCs, CDL CLO or MMCF and advisory clients to which the U.S. Structured Credit investment team provides advisory services. CGCIM has established the following procedures in such context: (i) unless otherwise preapproved by the CGCIM Chief Compliance Officer, who will preapprove the transaction only if it is also preapproved by Carlyle's Global Chief Compliance Officer, no consideration should be paid (aside from customary fees for advice and management) other than the current market price of the instrument (including brokerage commissions); (ii) generally, the execution price reflects the average of the midpoints of the then-prevailing related bid and ask quotations of at least two independent brokers and/or pricing services (and if two market or pricing service quotations are not available, the instrument will be fair valued in accordance with appropriate valuation policies and procedures, except that a proposed transaction involving a BDC will not be approved unless market quotations are readily available (other than, as described below, the transfer of assets to CDL CLO by TCG BDC in its role of CLO originator or capital contributions to MMCF by TCG BDC in its capacity as an MMCF Member)); (iii) settled cross transactions must be reviewed by the Global Credit Compliance and Regulatory Committee, a committee comprising senior personnel from Carlyle's compliance department and Global Credit, to determine compliance with CGCIM's procedures; (iv) internal documentation of the cross transaction must be established and maintained, including (among other things) internal transaction reports that contain material transaction information, such as independent pricing of the investment crossed between Advisory Clients; (v) Advisory Clients will receive notification of cross transactions in periodic reports; and (vi) Carlyle's Global Chief Compliance Officer or designee must pre-approve the cross transaction.

TCG BDC functions as the CLO originator for CDL CLO, which means that TCG BDC, in such role, acquires or originates certain loan assets and transfers them to CDL CLO as a contribution to equity in accordance with the purchase and contribution agreement between TCG BDC and CDL CLO (such asset transfers, "Originator Transfers"). Transfers may also be made from CDL CLO to TCG BDC, for example, for portfolio rebalancing purposes. Since each of TCG BDC, and CDL CLO is an Advisory Client, Originator Transfers constitute cross transactions. However, due to (among other reasons) the general unavailability of bid-ask quotations for loan assets of the type to be transferred, Originator Transfers do not lend themselves fully to the cross transaction procedures described in the preceding paragraph. Rather, it is expected that with respect to ensuring the fairness to each Advisory Client of the consideration paid in an Originator Transfer, the purchase and contribution agreement governing such transfers will provide that the price paid by CDL CLO to or from TCG BDC for the transferred asset will be the approximate fair value of such asset. In all cases, CGCIM will seek to ensure that the Originator Transfer is effected for fair market value and on terms as favorable to the CDL CLO as would be the case in a transaction with an independent third party.

With respect to MMCF, the MMCF Members may from time to time make capital contributions ("Capital Contributions") to MMCF in the form of investments then owned by the MMCF Members.

These Capital Contributions are counted toward each MMCF Member's total capital commitment to MMCF. Capital Contributions made by or on behalf of TCG BDC constitute cross transactions, since each of TCG BDC and MMCF is an Advisory Client. However, as is the case with Originator Transfers, discussed above, bid-ask quotations for loan assets of the type to be contributed by TCG BDC to MMCF in the form of Capital Contributions do not lend themselves fully to the cross transaction procedures described above. Rather, it is expected that with respect to ensuring the fairness to each Advisory Client in the exchange of an investment in the form of a Capital Contribution for MMCF membership interests, Capital Contributions will be subject to valuations approved by the board of managers of MMCF, on the one hand, and a majority of the independent directors of TCG BDC, on the other hand, which should approximate fair value.

Principal Transactions

CGCIM, as investment manager, or an affiliate in limited circumstances engages in principal transactions (*i.e.*, transactions in which CGCIM or an affiliate is deemed to be acting for its own account by buying a security from, or selling a security to, an Advisory Client). These transactions introduce a potential conflict of interest between its own interests and those of the Advisory Client.

CGCIM has established policies and procedures to comply with the Advisers Act when engaging in principal transactions with Advisory Clients. Additionally, investment guidelines and an Advisory Client's charter documents may limit principal transactions on a more restrictive basis than the Advisers Act. In general, CGCIM avoids secondary market transactions in which it knowingly transacts, directly or through a broker-dealer, with advisory clients of CGCIM, CIM or CASP.

Such transactions are prohibited with the BDCs and Private RIC pursuant to the 1940 Act.

In the event CGCIM does engage in such a principal transaction, CGCIM must comply with policies and procedures that it has adopted to ensure compliance with the Advisers Act in respect of principal transactions. These policies and procedures provide, among other things, that if CGCIM contemplates engaging in a principal transaction, CGCIM will give prior notice to and obtain prior consent from independent representatives or independent members of the board of directors of the relevant Advisory Client before proceeding with the transaction. Such notice and approval requirement applies on a transaction-by-transaction basis.

Fund Notice and Consent

In certain cases, a principal transaction may occur prior to the initial closing of an Advisory Client (*e.g.*, where an affiliate warehouses loans prior to selling them to an Advisory Client). Details of any such transaction typically are disclosed in the offering documents of an Advisory Client. In other cases, principal transactions may occur after an Advisory Client has held an initial closing. In those cases (other than certain Global Credit Advisory Clients), either the Advisory Client or an independent representative of the Advisory Client must receive notice of the transaction and consent to the transaction prior to CGCIM or an affiliate settling the principal transaction. An Investor Advisory Committee is typically established for each Advisory Client to, among other things, receive notice of, advise on and provide consent to certain conflicts of interest matters, such as principal transactions.

Certain Global Credit Advisory Clients may follow a different procedure because of the absence of a separate Investor Advisory Committee. In the case of a principal transaction, typically a qualified independent agent is engaged to review and approve of such transactions (where the independent agent determines, in its sole judgment, that the monetary or business consideration arising therefrom would be substantially as advantageous to the Advisory Client as the monetary or business consideration which the Advisory Client would obtain in a comparable arm's-length transaction with a person who is not an affiliate of the Advisory Client). In the case of Global Credit Advisory Clients, principal transactions generally require that the price reflect the average of the midpoints of the then-prevailing related bid and ask quotations of at least two independent brokers and/or pricing services as a condition to the engaging in the transaction. If two market or pricing service quotations are not available, the instrument will be fair valued in accordance with CGCIM's valuation policies and procedures.

Separate Account Notice and Consent

In the case of an Advisory Client that is a separately managed account, CGCIM will notify the Advisory Client itself or a duly appointed, independent representative of the Advisory Client to obtain consent for any principal transaction.

Other Notice and Consent Considerations

In general, CGCIM will not engage in principal transactions with accounts of a retirement plan subject to ERISA unless approved by Carlyle's General Counsel, Chief Compliance Officer, and, if necessary, competent ERISA counsel.

Cross Trades that are Affiliate Transactions under the 1940 Act

The 1940 Act prohibits an investment vehicle or other entity deemed to be under the control of CGCIM or its affiliates (and therefore deemed to be an affiliate of Private Credit RIC or a close affiliate of the BDC for purposes of the 1940 Act affiliate transaction rules) from selling securities to or buying securities from a BDC or Private Credit RIC or a company controlled by the BDC or Private Credit RIC, absent exemptive relief from the SEC or otherwise subject to an exemption under the 1940 Act. While the BDCs and Private Credit RIC generally do not engage in such affiliate transactions, CGCIM and OCP, as applicable, have established policies and procedures to comply with the 1940 Act affiliate transaction rules if and when such a transaction were to occur. Transfers of assets by TCG BDC, in its role of CLO originator, to CDL CLO, a wholly-owned subsidiary of TCG BDC, will not be subject to such restrictions pursuant to an exemption under the 1940 Act; however, such transfers will be approved by the CDL CLO's board of managers, including an approval by a majority of the independent directors of TCG BDC as a designated manager of CDL CLO and approval of the CCO of CGCIM or designee. Similarly, as noted above, transfers of assets by TCG BDC in the form of capital contributions to MMCF will not be subject to such restrictions pursuant to an exemption under the 1940 Act; however, such transfers will be approved by a majority of the independent directors of TCG BDC, by a quorum of the board of managers of MMCF and the CCO of CGCIM or designee.

Financial Interests in Advisory Client Recommendations

As described in more detail in Item 5 – "Fees and Compensation", in addition to management fees payable, incentive fees payable and carried interest allocable to CGCIM and its affiliates, with regards

to certain Advisory Clients, CGCIM and its affiliates receive acquisition, monitoring, disposition and certain other fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

CGCIM generally has a conflict of interest to the extent that it has an opportunity to earn such a fee in connection with investments by Advisory Clients. However, CGCIM believes that applicable management fee offset provisions described in Item 5 and the substantial equity commitment by CGCIM and its affiliates in Advisory Clients substantially mitigates this incentive. Any fees paid to CGCIM by a portfolio company or an Advisory Client are required to be on an arm's-length basis and on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party. Accordingly, the agreements pursuant to which such fees are paid typically are not required to be reviewed by the Investor Advisory Committee or the investors of the participating Advisory Clients. CGCIM's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to Carlyle, CGCIM, any affiliates or their professionals.

Further, CGCIM may recommend the securities or loan instruments of portfolio companies for acquisition by an Advisory Client where Carlyle, its affiliates (including a portfolio company of a different Advisory Client), or a Carlyle professional renders services to, engages in transactions with, or has a business relationship with (*i.e.*, board seat), and receives fees from, the portfolio company. See Item 17 for additional information regarding CGCIM's policies on voting on behalf of Advisory Clients, which include protocols on handling conflicts of interest (*e.g.*, when Advisory Clients are invested in different parts of the capital structure).

In addition, CGCIM or its affiliates may own equity interests in certain CLOs to which CGCIM provides advisory services pursuant to separate collateral management agreements. CGCIM's equity interests and contractual rights in these CLOs may give it voting rights on certain matters relevant to the funds. On matters involving retention of the collateral manager (CGCIM or its affiliates), CGCIM does not, and would not be expected to, have any voting rights. On other matters, CGCIM's voting interest could be significant enough to affect the outcome depending on the governance matter, especially matters that may require a super majority to effectuate a particular outcome, such as an early wind up of a fund, which, if blocked by CGCIM, would continue the collateral management arrangement and fees to CGCIM or a Carlyle affiliate. CGCIM expects that, as an equity owner, its economic interests would in most, if not all, cases align with the economic interests of other equity owners in a fund; however, the possibility exists that CGCIM could take a position on governance matters that would be adverse to other equity holders and indirectly, any noteholders in these particular CLOs. Should CGCIM's interests diverge from the interests of other equity owners, decisions on how to vote CGCIM's interest will be presented to Carlyle's Conflicts Committee, a committee comprising senior management to help manage conflicts of interest that may arise during the conduct of Carlyle's business, for review and resolution.

Allocation of Investments

When allocating investment opportunities across Global Credit advisory clients, there could be differences in the financial structure of the Global Credit advisory clients potentially participating in the opportunity that could introduce an incentive for a particular investment team on behalf of CGCIM or another affiliated adviser to favor one Global Credit advisory client over another. In addition, there may

be other investment vehicles, including advisory clients of CIM, Carlyle CLO Management and CCS affiliates, who may also have the ability to participate in an investment opportunity.

The objective of Global Credit with respect to allocations of investment opportunities is to ensure that all advisory clients to which its investment teams provide investment advisory services, including Advisory Clients, are treated in a fair and equitable manner under the particular circumstances. Accordingly, CGCIM and Carlyle CLO Management have established allocation policies and procedures for Global Credit in an effort to ensure that investment opportunities are allocated among advisory clients, including Advisory Clients, and CCS affiliates, in a fair and equitable manner. These policies and procedures seek to provide consistent treatment, to the extent possible and consistent with legal, regulatory and contractual restrictions, of advisory clients within Global Credit that have similar investment objectives and guidelines. There can be no assurance that the application of these policies and procedures will result in fair or equivalent allocation of, or participation in, investment opportunities, or comparable performance of investments allocated to one advisory client as compared to another.

CGCIM and Carlyle CLO Management advisory clients may vary substantially in size, investment objectives, risk tolerance, return targets, permissible asset classes, preferred asset classes and liquidity requirements. At the same time, certain investment opportunities may be appropriate for multiple advisory clients (“Overlapping Opportunities”). More specifically, these allocation policies and procedures also require that investment allocations in negotiated co-investment transactions amongst Advisory Clients involving one or more BDCs and the Private Credit RIC (such BDCs and the Private Credit RIC are each a “Regulated Fund Advisory Client” and, together, the “Regulated Fund Advisory Clients”) must also be in accordance with the terms and conditions of the Exemptive Relief. In addition, these allocation policies and procedures also require that investment allocations in non-negotiated co-investment transactions amongst Advisory Clients involving one or more Regulated Fund Advisory Clients must comply with certain SEC no-action guidance regarding funds regulated under the 1940 Act investing alongside an affiliate (*e.g.*, if the transaction involves no negotiation of terms other than price and certain other conditions are met). As described in detail in Item 11, every investment opportunity that falls within a Regulated Fund Advisory Client’s investment objective/strategies (and board-established criteria, where applicable) must be shown to that Regulated Fund Advisory Client. Although the Regulated Fund Advisory Client is not required to participate, if the investment opportunity is an Overlapping Opportunity, such requirements could introduce a potential conflict of interest between the Regulated Fund Advisory Client and other Advisory Clients.

The primary allocation principles for each Global Credit advisory client are derived from respective prospectus, fund partnership or operating agreements and related side letters, offering memoranda, investment or collateral management agreements, limited liability company agreements, trust indentures or other charter documents (“Client Agreements”) that govern the investment programs for such advisory clients. These allocation parameters may include: investment objective or category, industry focus, geography, security or instrument type, diversification requirements, available commitments or liquidity, target investment size, applicable law and/or regulatory guidance. Subject to the foregoing investment parameters, the investment or credit committees have the discretion to construct what, in their business judgment, constitutes an appropriate investment portfolio for a Global Credit advisory client. As such, in determining what they believe to be an appropriate portfolio for a particular Global Credit advisory client, they may give consideration to factors in addition to those outlined above. After

consideration of the various factors, it may not be desirable for a Global Credit advisory client to participate in an investment opportunity or acquire all of an investment opportunity.

In the case of Overlapping Opportunities, when the amount of the investment available to Global Credit advisory clients, including Advisory Clients, is less than the aggregate amount that Global Credit advisory clients desire to purchase, or if the Global Credit advisory clients are not permitted to make a joint investment, an allocation of such Overlapping Opportunities will generally be made in accordance with the allocation policies and procedures adopted and implemented by CGCIM and Carlyle CLO Management. The terms of the Client Agreements with respect to certain Global Credit advisory clients require Carlyle CLO Management to allocate investment opportunities to such Global Credit advisory clients in priority to allocations to other vehicles. As a result, there will likely be circumstances where Overlapping Opportunities appropriate for Advisory Clients are allocated instead to such other advisory clients of Carlyle CLO Management.

In addition, it is anticipated that there will be situations where CCS affiliates originate and syndicate loans or securities in which Global Credit advisory clients may wish to invest. In such cases, CCS affiliates will only receive an allocation of a negotiated Overlapping Opportunity if the Global Credit advisory clients receive their full participation request.

Global Credit Allocation Committee. A Global Credit allocation committee (the “GCAC”) has been established to oversee the allocation of investment opportunities in accordance with the allocation policies and procedures adopted by CGCIM and Carlyle CLO Management. The GCAC has established a Global Credit Screening Committee to review and assess potential investments, including potential suitable negotiated co-investments in reliance on the Exemptive Order, and make an initial assessment regarding which Global Credit advisory client(s) should review the potential investment. The Global Credit Screening Committee is authorized by the GCAC to review allocations among Regulated Funds and other advisory clients investing in middle market loans as well as allocations among Regulated Funds and advisory clients of Carlyle CLO.

Co-Investments Involving Regulated Fund Advisory Clients. A Regulated Fund Advisory Client, on the one hand, and its existing and future affiliated persons, including the other Advisory Clients, on the other hand, generally are required to rely on the Exemptive Relief to co-invest alongside each other in negotiated Overlapping Opportunities. In addition, a Regulated Fund Advisory Client may co-invest with funds managed by Carlyle, including Global Credit advisory clients, when the Overlapping Opportunity involves no negotiation of the terms of such transaction other than price and subject to certain other conditions. A Regulated Fund Advisory Client may also co-invest with any of its downstream affiliates pursuant to an exemption under rules promulgated under the 1940 Act.

Middle Market Loans. As a general rule, the Regulated Fund Advisory Clients and other Advisory Clients that are structured as separately managed accounts are expected to be the primary investors in middle market loan investments. Overlapping Opportunities may occur across Advisory Clients, and to a lesser extent among Global Credit advisory clients. Pursuant to the Exemptive Relief, Overlapping Opportunities in middle market loans with attributes meeting certain investment criteria must be shown to the Regulated Fund Advisory Clients. Any allocation and participation in a middle market loan by an Advisory Client must be in accordance with the Exemptive Relief or other regulatory guidance, as applicable. To the extent the aggregate “internal orders” by the Global Credit advisory clients, which are determined in accordance with the allocation policies and procedures, are less than the total

investment opportunity, the CCS affiliates and/or another affiliated adviser may consider the Overlapping Opportunity for themselves or their advisory clients, as applicable, as appropriate and subject to the availability and conditions of the Exemptive Relief, if applicable.

Broadly Syndicated Loans. As a general rule, Carlyle CLO Management advisory clients are expected to be the primary investors in broadly syndicated loans. Overlapping Opportunities in the primary or secondary broadly syndicated loan market sourced by the US Structured Credit platform first will be allocated across US Structured Credit advisory clients in accordance with the Carlyle U.S. Structured Credit Allocation Policy, provided, however, that any negotiated Overlapping Opportunity in broadly syndicated loans with attributes meeting certain investment criteria must be shown to the Regulated Fund Advisory Clients in accordance with the Exemptive Relief. When the amount of an Overlapping Opportunity that falls outside of such criteria exceeds the amount that US Structured Credit desires, CGCIM will be offered the Overlapping Opportunity for its Advisory Clients. While CGCIM is not often expected to source broadly syndicated opportunities, to the extent it does, such investment allocations are subject to review and approval by the GCAC or the Global Credit Screening Committee, as applicable.

Allocation of Investment Opportunities between TCG BDC and CDL CLO

CDL CLO is a wholly-owned subsidiary of TCG BDC and its initial loan portfolio consisted (i) primarily of investments then held by TCG BDC (or TCG BDC SPV LLC, a wholly owned subsidiary of TCG BDC) meeting discrete criteria set forth in the indenture, which TCG BDC, as the CLO originator, transferred to CDL CLO through a series of cross trades, and (ii) of new loans directly originated by CDL CLO. Following the initial portfolio construction of CDL CLO, new investments by CDL CLO are made in a similar manner in accordance with CGCIM's policies and procedures regarding cross trades (see the discussion above under "Cross Transactions"), however, Overlapping Opportunities involving the purchase of loans for TCG BDC and/or CDL CLO generally will be allocated by CGCIM based on the amount of cash CDL CLO has available for reinvestment at the time an Overlapping Opportunity arises while taking into consideration discrete criteria set forth in the indenture.

Allocation of Investment Opportunities between MMCF and other CGCIM Advisory Clients

As noted above, during MMCF's investment period, TCG BDC and its affiliates that are controlled, managed or advised by CGCIM, which include the Advisory Clients, will refer to MMCF all investment opportunities that meet certain criteria, as set forth in the MMCF Agreement. It is anticipated that certain investment opportunities that meet the criteria of MMCF's investment strategy will constitute Overlapping Opportunities. Subject to the regulatory restrictions discussed above¹⁰ and contractual obligations between TCG BDC and MMCF, Overlapping Opportunities involving the purchase of loans by one or more Advisory Client, on the one hand, and MMCF, on the other hand, will be allocated by CGCIM based on amount of cash each Advisory Client has available for investments, taking into account the size of the proposed investment and its anticipated yield.

MMCF Members may also seek to co-invest with MMCF. Provided that such co-investment opportunities fit within the allocation policies procedures described above, where demand from MMCF

¹⁰ See Item 11 – "Co-Investments Involving CGCIM Advisory Clients".

Members and MMCF is higher than the investment opportunity available, TCG BDC will propose allocations to MMCF such that MMCF's allocation on any loan is never less than either MMCF Member's allocation unless approved by the MMCF Investment Committee.

Possession of Material, Non-Public Information and other Trading Restrictions

Carlyle espouses a management philosophy of collaboration and information sharing among investment professionals to create a unified global network. Carlyle, its affiliates, and their professionals may come into contact with material, non-public information in connection with their activities for Carlyle, CGCIM, or its affiliates. Carlyle has established policies and procedures intended to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Under no circumstances may a professional trade in a security while in possession of material, non-public information about that security for his or her own account, the accounts of certain family members or the account of an Advisory Client. Further to this end, as discussed in Item 8, Carlyle has implemented information barriers to segregate the flow of material, non-public and other confidential information between its business segments.

Other Potential Conflicts

The legal and/or organizational documents of an Advisory Client, the investment management agreement between CGCIM (or an affiliate) and the Advisory Client or the agreements in respect of the portfolio investments establish complex arrangements among the parties, including between investors and Advisory Clients. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to the situation. While CGCIM will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to an Advisory Client.

ITEM 12. BROKERAGE PRACTICES

Broker Selection

CGCIM has discretion to select broker-dealers to execute transactions in securities or instruments for Advisory Clients. CGCIM is obligated by law and under its investment advisory agreements and collateral management agreements to seek to obtain best execution for orders executed for Advisory Clients, taking into account quantitative and qualitative factors affecting the execution quality of portfolio transactions. In particular, CGCIM reviews factors, such as the experience of the broker-dealer, its ability to handle the order to the best advantage of the Advisory Client, the nature of the investments to be bought or sold, special circumstances affecting the instrument (*e.g.*, redemption features), and the overall price of the order. As a result, although CGCIM will seek competitive commissions and spreads, it may not necessarily obtain the most competitive price/commission/spread for portfolio transactions.

From time to time, brokerage firms may provide services to CGCIM in addition to order execution. As discussed in Item 8, certain large investment banks that may act as service providers to CGCIM and its affiliates, Advisory Clients and Carlyle portfolio companies may also invest in an Advisory Client (directly, or by sponsoring a feeder fund).

From time to time, CGCIM selects brokers and dealers who are owned in part by an Advisory Client to execute transactions in securities and other instruments for another Advisory Client. For example, an Advisory Client has an ownership interest in Sandler O'Neill, an investment bank and broker-dealer. Certain other Advisory Clients, CGCIM affiliates or affiliated investment advisers may utilize Sandler O'Neill for execution of transactions in securities and other instruments, or other investment-related services. In addition, please see "Affiliated Broker-Dealers" in Item 10 above with respect to conflicts involved in the selection of a broker-dealer affiliated with CGCIM.

Portfolio trades of certain CGCIM investment vehicles can be expected to generate commissions, mark-ups/mark-downs, and other transaction charges that each Advisory Client is responsible for paying. CGCIM has complete discretion in deciding the brokers and dealers to execute Advisory Client transactions and the fees that will be paid to selected broker-dealers for their services. CGCIM seeks to obtain best execution of Advisory Client transactions based on a number of factors that include net price for the order, experience of the broker-dealer, order handling ability (particularly block orders), and the nature of the investments to be bought or sold. From time to time, CGCIM engages in transactions with broker-dealers that also have other dealings with Carlyle or its affiliates, including investor referrals and investments in Advisory Clients. Such business relationships could present a potential conflict of interest for CGCIM. However, CGCIM maintains approved broker-dealer lists and the Global Credit Compliance and Regulatory Committee meet periodically to review and analyze trades executed by approved broker-dealers as part of its requirement to seek best execution for its respective Advisory Client transactions.

When CGCIM engages in a market transaction on behalf of an Advisory Client through a broker-dealer, it will seek best execution of such transaction and the Global Credit Compliance and Regulatory Committee will monitor the quality of execution of transactions. To the extent such broker-dealers or similar service providers (*e.g.*, sponsors, agents) provide additional services, including conferences or seminars, all such activity must be in accordance with the gifts and entertainment policy set forth in the Code of Conduct. The Global Credit Compliance and Regulatory Committee will assess the types of products and services that are provided (whether solicited or unsolicited) to determine whether they are in accordance with applicable law and the safe harbor of Section 28(e) of the Exchange Act, where applicable, appropriate under the circumstances, and whether the provision of such products and services had any effect on the net price to the Advisory Client. In assessing the quality of execution for Advisory Client transactions, the Global Credit Compliance and Regulatory Committee will consider the full range of services available from and the characteristics of each broker-dealer, including, but not limited to execution capabilities, responsiveness, trading experience, reputation and integrity, overall reliability, and access to underwritten offerings and secondary market trades.

By their nature, the BDCs, CDL CLO and MMCF generally do not engage in market transactions and therefore CGCIM does not utilize brokerage services on an ongoing basis in connection with its advisory services for the BDCs, CDL CLO and MMCF.

CGCIM does not currently participate in any soft dollar relationships with brokers for research or any other service.

From time to time, Global Credit will engage in transactions with broker-dealers that also have other dealings with Carlyle or its affiliates, including investor referrals and investments in Advisory Clients. Such business relationships could present a potential conflict of interest for CGCIM. However, Global Credit performs an analysis and review of each broker-dealer's trading and execution capabilities as part of its requirement to seek best execution. That analysis and review is presented to the Global Credit Compliance and Regulatory Committee for assessment. In the context of investment activity outside of these groups, CGCIM periodically reviews its relationships and levels of business allocated to key service providers, especially investment banks.

Bunching or Aggregating Trades

CGCIM may aggregate its Advisory Clients' trades if CGCIM believes that aggregation benefit the Advisory Clients and is consistent with CGCIM's obligation to seek best execution. CGCIM is not obligated to aggregate Advisory Client trades, however, and there may be reasons, such as Advisory Client specifications or logistics of the trade itself, where aggregation is not possible. In such situations, the inability to aggregate the trade could result in an increase in transaction costs for the Advisory Client.

CGCIM may trade the same instruments for multiple Advisory Clients with a particular broker throughout the day. Where possible, the price at which that particular broker handles these multiple orders generally will be averaged among the multiple Advisory Client accounts during a trading day. Trades with a particular broker that occur in the same instruments for multiple Advisory Clients on the same day may be averaged across multiple Advisory Client accounts if determined by CGCIM to be fair, reasonable and appropriate under the circumstances. All exceptions to CGCIM's policy on the aggregation of trades must be approved by Carlyle's Chief Compliance Officer or designee.

As noted above in Item 11, the SEC granted CGCIM, the BDCs, as well as other existing and funds advised by CGCIM Exemptive Relief to co-invest in suitable investments, subject to certain terms and conditions in the Exemptive Relief. These conditions require, among other things, that the terms, conditions, price, class of securities or instruments to be purchased, settlement date, and registration rights will be the same for each co-investing Advisory Client.

Trade Errors

Carlyle seeks to detect and correct trade errors. Should a trade error occur and be detected before the trade has been settled in the Advisory Client account, Carlyle will reverse the trade or reallocate, as necessary and appropriate. In any event, the Advisory Client account will be made whole (put in a position as if the error had not been made), with Carlyle absorbing any loss, where Carlyle's conduct does not meet the standard for exculpation set forth in the governing documentation for the relevant Advisory Client(s), and not in other cases. Advisory Clients regulated under the 1940 Act will be made whole with Carlyle absorbing losses any time a trade error cannot be reversed or reallocated.

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

The portfolio investments of certain Advisory Clients are regularly reviewed by a team of investment professionals. Depending on the Advisory Client, the team generally includes principal executive officers of CGCIM, certain Carlyle Managing Directors and other investment professionals. These professionals monitor operations, overall performance, financial performance, and strategic direction of the investments owned by the Advisory Clients.

The specific parameters relating to the oversight and monitoring of the portfolio investments of the Advisory Clients for which there is shared oversight (*i.e.*, joint ventures) are set forth in the related offering or other governing documents.

The portfolio investments of the Advisory Clients are monitored by professionals of CGCIM under an organizational structure deemed appropriate to provide oversight. The portfolio assets are reviewed and monitored consistent with trading guidelines and events in the capital markets.

Reports to Advisory Clients and Investors

Investors in CGCIM-advised Advisory Clients typically receive quarterly financial reports and audited annual reports. Investors have the ability to access these reports via a password-protected website. Each of the Global Credit Advisory Clients is required to fulfill reporting obligations to investors based on the terms and conditions of the particular Advisory Client organizational documents (or investment management agreement in the case of a separately managed account). Certain of the Global Credit Advisory Clients deliver annual audited financial statements to investors. Depending on the particular Advisory Client, investors may receive monthly reports or letters, quarterly financial and capital account statements. Reports to separately managed account Advisory Clients are based on the terms of the particular investment management agreement.

Certain investors may have the right to obtain information relating to an Advisory Client. Accordingly, such investors may possess information regarding the business and affairs of an Advisory Client that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

For new Advisory Clients, a copy of this Brochure is delivered prior to or at the time of entering into an advisory contract.

BDCs and Private Credit RIC

Quarterly financial reports and audited annual reports of the BDC Advisory Clients and Private Credit RIC are made available to investors on the SEC's website at <http://www.sec.gov/edgar/searchedgar/companysearch.html> (type in the appropriate Advisory Client name in the "Company Name" field and then select). BDC investors have the ability to access their account statements via a password-protected website.

CDL CLO

Monthly Trustee reports are made available to CDL CLO Advisory Client investors. Investors have the ability to access these reports via a password-protected website.

MMCF

MMCF provides quarterly unaudited financial statements, holding reports and capital account statements to each MMCF Member. MMCF will also provide audited annual reports and annual tax reporting to each MMCF Member.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

As described in more detail in Item 5 – “Fees and Compensation”, in addition to management fees payable, incentive fees and carried interest allocable to CGCIM and its affiliates, CGCIM and its affiliates may receive acquisition, monitoring, disposition and certain fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

CGCIM and its affiliates may enter into cash compensation arrangements with its affiliated broker-dealers, including TCG Securities, TCG Capital Markets and affiliates, through TCG Securities, unaffiliated placement agents or third parties for introducing investors to CGCIM in respect of an Advisory Client.

In accordance with CGCIM’s policies, no investor may bear any portion of any fee paid to any third-party solicitor with respect to such investment (whether in the form of higher management fees or other types of fees) without the consent of Carlyle’s General Counsel and Carlyle’s Head of Investor Relations.

ITEM 15. CUSTODY

CGCIM uses unaffiliated, qualified, third-party custodians to hold the assets of its Advisory Clients for which it has custody in a manner that it believes complies with SEC standards and guidance. For example, these qualified custodians maintain the client assets in a manner that segregates them from assets of other clients of the custodian.

CGCIM is deemed to have custody of the underlying assets of certain of its Advisory Clients. In addition to holding client assets with an unaffiliated, qualified, third-party custodian, these client assets (where CGCIM is deemed to have custody) are generally also subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board (“PCAOB”), and the audited financial statements are then provided to the underlying investors of these Advisory Clients within 120 days of the end of the fiscal year. For Advisory Client assets that are pooled investment vehicles (and subject to such financial audits and reporting delivery qualifications), CGCIM relies on an exception from the notification, account statement delivery obligations, and is deemed compliant with the surprise audit obligations imposed by the SEC’s custody rule. For Advisory Client assets that are BDCs, CGCIM relies on an exception available to “registered investment companies”, which mandates compliance with the custody requirements of the 1940 Act, including utilizing banks or broker-dealers as custodians as prescribed under Section 17(f) of the 1940 Act.

To the extent that CGCIM is deemed to have custody of Advisory Client assets that are not deemed to be a “pooled investment vehicle” or a “registered investment company”, CGCIM would engage a PCAOB major accounting firm to subject such assets to a surprise audit and requests requisite reporting to the Advisory Client. Such Advisory Clients may also have a statutory obligation to perform a year-end audit.

ITEM 16. INVESTMENT DISCRETION

Typically, CGCIM provides investment advice to all its Advisory Clients on a discretionary basis. For Advisory Clients advised on a discretionary basis, CGCIM typically has the authority to determine the instruments to be bought and sold without obtaining Advisory Client consent to specific transactions. CGCIM is also authorized to determine the broker or dealer to be used for each transaction for its Advisory Clients. Certain investments require the approval of the respective Advisory Client investment committee.

When making investments, CGCIM observes the investment policies, limitations and restrictions of the Advisory Clients. For the BDCs and Private Credit RIC, CGCIM’s authority to trade instruments may also be limited by certain federal securities and tax laws that require diversification of investments, limit leverage, prohibit certain joint and principal transactions and favor the holding of investments once made.

All investments, regardless of type, made by the BDCs and CDL CLO must receive approval of the Direct Lending Investment Committee. This process assists in ensuring that investments are compliant with the various legal, tax, and other investment policies, limitations and restrictions in effect for each Advisory Client making an investment.

CGCIM provides investment advisory services with respect to MMCF on a non-discretionary basis. As noted in Item 4, the CGCIM personnel associated with MMCF cannot unilaterally effect any investment decision without the approval of at least one non-Carlyle representative of the MMCF Investment Committee.

ITEM 17. VOTING CLIENT SECURITIES

Because CGCIM has, or will accept, authority to vote public company securities and other debt instruments (*e.g.*, loans) held by an Advisory Client, it has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that it believes are reasonably designed to comply with the requirements of the Advisers Act. The Proxy Voting Policies and Procedures reflect CGCIM’s commitment to vote such instruments in a manner consistent with the best interests of the Advisory Clients.

Under the Proxy Voting Policies and Procedures, unless faced with a conflict of interest between or among Advisory Clients, CGCIM will vote proxies in a manner that serves the best interest of its Advisory Clients, as determined by CGCIM in its discretion, taking into account relevant factors, including (i) the impact on the value of the securities owned by the Advisory Client and the returns on those securities; (ii) alignment of portfolio company management’s interest with the Advisory Client’s interest, including establishing appropriate incentives for management; (iii) the ongoing relationship

between the Advisory Client and the portfolio companies in which it invests, including the continued or increased availability of portfolio information; (iv) industry business and practices; and (v) the requirements imposed on CGCIM in the Advisory Client governing documents.

CGCIM reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Advisory Client. As a result, depending on the Advisory Client's particular circumstances, CGCIM may vote one Advisory Client's instruments differently than it votes those of another Advisory Client, or may vote differently on various proposals, even though the instruments or proposals are similar (or identical). In some instances, CGCIM may determine that it is in the Advisory Client's best interest for CGCIM to "abstain" from voting or not to vote at all, and will do so accordingly.

At times, conflicts may arise between the interest of an Advisory Client, on the one hand, and the interest of either another Advisory Client of CGCIM or its affiliates on the other hand in the consideration of a proxy vote. To address such potential conflicts, CGCIM follows the procedures outlined in the Proxy Voting Policies and Procedures, which include the potential involvement of Carlyle's General Counsel, the Carlyle Global Chief Compliance Officer and/or the Carlyle Conflicts Committee, a committee comprising Carlyle senior management to help manage conflicts of interest that may arise including during the conduct of CGCIM's business. The Proxy Voting Policies and Procedures require that in all situations involving a potential conflict between two Advisory Clients, the vote will be made without regard to CGCIM's actual or anticipated compensation. In general, the requirements set forth in each relevant Advisory Client's investment advisory or organizational agreements or investment objectives, policies and procedures will be followed.

To ensure that the vote is not the product of a conflict of interest, CGCIM will require that: (1) anyone involved in the decision-making process disclose to CGCIM's investment committee, Regulated Fund independent directors as applicable, and the CDL CLO Investment Committee, 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 (2) personnel involved in the decision-making process or vote administration are prohibited from revealing how CGCIM intends to vote on a proposal in order to reduce any attempted influence from interested parties. CGCIM is not authorized to vote on behalf of MMCF.

Information about how CGCIM voted proxies is available upon written request for proxy voting information to: Carlyle Global Credit Investment Management L.L.C., 520 Madison Avenue, 38th Floor, New York, NY 10022, Attn: Investor Relations.

ITEM 18. FINANCIAL INFORMATION

At this time, CGCIM is not aware of any financial condition that could impair CGCIM's ability to meet its contractual obligations to its clients. CGCIM has not been the subject of any bankruptcy petitions, including in the past ten years.

Additional financial information is also available in current public filings with the SEC for the Public Company (see ir.carlyle.com).