

# Sixth Street Advisers, LLC

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Part 2A of Form ADV: Firm Brochure  
March 31, 2022

**This brochure provides information about the qualifications and business practices of Sixth Street Advisers, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer at (469) 621-3001. 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 Sixth Street Advisers, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

This brochure, dated March 31, 2022 serves as an update to our brochure dated March 31, 2021. This brochure contains routine annual updates to the prior brochure, as well as certain other updates, including:

- with respect to the methods of analysis and investment strategies of certain of our platforms, as more fully described in “*Item 4 – Advisory Business*” and “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*”;
- additional and/or enhanced disclosures regarding payments of fees and expenses by advisory clients and portfolio investments and the allocation of such fees and expenses, as more fully described in “*Item 5 – Fees and Compensation*”;
- additional and/or enhanced disclosures regarding certain risks associated with our investment strategies, as more fully described in “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*”;
- additional and/or enhanced disclosures regarding potential and/or actual conflicts of interest faced by us and our affiliates and the resolution thereof, as more fully described in “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*”; and
- other general updates and changes.

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## **ITEM 4 – ADVISORY BUSINESS**

Sixth Street Partners (“Sixth Street”) is a global multi-asset class investment business with over \$60 billion in regulatory assets under management. Founded in 2009, Sixth Street has more than 350 team members including over 165 investment professionals operating from around the world. Sixth Street conducts its investment management business through its subsidiary, Sixth Street Advisers, LLC (the “Sixth Street Adviser”), and through a variety of other investment advisory affiliates, all of which are either wholly owned by or under common control with Sixth Street. This brochure is intended to cover the investment advisory activities of Sixth Street and all of its investment advisory affiliates, except for Sixth Street Specialty Lending Advisers, LLC. Sixth Street Specialty Lending Advisers, LLC, which is under common control with, and an advisory affiliate of, Sixth Street, files a separate Form ADV.

Sixth Street Specialty Lending, Inc. files periodic reports with the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Various affiliates of Sixth Street are referenced herein in different scenarios, including in the context of conflicts of interest.

For purposes of this brochure, “we,” “us” and “our” refer to Sixth Street, together (where the context permits) with our subsidiaries that provide investment advisory services, including the Sixth Street Adviser and those entities that serve as general partners of the Funds (as defined below).

Sixth Street conducts its investment activities primarily through the following investment platforms:

- **Sixth Street TAO** seeks to generate attractive returns through strategies employed by Sixth Street’s other investment platforms while also serving as home for between-the-box strategies and adjacent opportunities;
- **Sixth Street Opportunities** is Sixth Street’s platform for pursuing thematic, control-oriented, actively managed investments exhibiting downside protection;
- **Sixth Street Growth** focuses on the purchase or origination of investments in non-stressed, growth-oriented issuers or borrowers, in particular through growth debt, structured equity and stapled debt and equity opportunities, which are in later stages of development as well as those which are post-venture stage but in a comparatively earlier stage of development;
- **Sixth Street Agriculture** focuses on agricultural investment opportunities primarily in the U.S.;
- **Specialty Lending** is Sixth Street’s Specialty Lending platform, comprised of:
  - **Sixth Street Specialty Lending, Inc.** (“SLX”) is a New York Stock Exchange-listed, regulated business development company (“BDC”) that focuses on U.S. middle market loan origination investment opportunities. SLX’s investment adviser is Sixth Street Specialty Lending Advisers, LLC, which, as noted above, files a separate Form ADV; and
  - **Sixth Street Specialty Lending Europe** focuses on European middle-market loan origination investment opportunities;
- **Sixth Street Fundamental Strategies** seeks to generate attractive risk-adjusted returns across credit cycles primarily through the purchase of secondary stressed credit along with other special situations investments;
- **Sixth Street Credit Market Strategies** (“Credit Market Strategies”) focuses on the purchase of performing corporate credit and structured products. Credit Market Strategies sponsors and manages collateralized loan obligation issuers (“CLOs” and, such CLOs, “Sixth Street-managed CLOs”); Funds that invest predominantly in the CLO Equity (as defined below in “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*”) of Sixth Street-managed CLOs; and separately managed accounts (“SMAs”), funds of one and Funds that pursue investment strategies that include acquiring and holding interests in CLO Equity, investment and non-investment grade CLO liabilities, leveraged loans, second lien loans, high yield bonds and other credit investments (collectively, “Credit Market Strategies Entities”);

- **Sixth Street Infrastructure** focuses on investments in companies and for assets in the global infrastructure and renewable energy spaces primarily in the form of equity, debt, and structured investments. Investments include, but are not limited to, solar, wind, hydroelectric power, conventional power, midstream, and social infrastructure; and
- **Sixth Street Insurance** focuses on strategic partnerships, corporate acquisitions, reinsurance, and insurance company balance sheet management across the global insurance sector. Sixth Street pursues these opportunities through a dedicated team of investment professionals and insurance experts located across North America and Europe. In connection with such opportunities, Sixth Street Insurance provides asset management services to the portfolio investments of certain Funds and has, and may continue to enter into, investment management agreements and/or other advisory arrangements in connection therewith.

For a further description of Sixth Street’s investment strategies and investment platforms, see “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*”.

*Advisory Clients.* As set forth below, our only advisory clients are the Funds, SMAs, and certain Co-Investment Vehicles (each as defined below). In particular:

- We provide investment advisory services to private investment vehicles that are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”), as well as certain SMAs. We refer to such vehicles and accounts collectively as the “Funds.”

The Funds’ investors are generally “accredited investors” and “qualified purchasers,” or in the case of employees, “knowledgeable employees,” in each case as defined in the Securities Act and the Investment Company Act, as applicable, and may include, among others, both U.S. and non-U.S. high net worth individuals and family offices, public and private pension and profit sharing plans, including investors regulated under the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), charitable organizations, endowments and foundations, insurance companies, investment companies, banks and other financial institutions, sovereign wealth funds, funds of funds, trusts and estates, corporations and thrift institutions.

Additionally, employees and other persons associated with Sixth Street and/or its affiliates and portfolio investments make capital commitments to the Funds (including through feeder vehicles formed for such purpose designed to aggregate the commitments of employees and such other persons and which then subscribe to the Funds). We also serve as the sponsor of other entities that act as feeder vehicles into certain Funds.

Additionally, in order to meet tax, legal, regulatory or other requirements, certain investors invest in substantially the same portfolio as certain Funds through specially formed investment vehicles, which we also advise.

- From time to time, we also form capital around particular or multiple investment strategies or themes, or establish, on a transaction-by-transaction basis, investment vehicles, SMAs or other accounts or arrangements through which certain persons generally invest alongside one or more Funds (each, a “Co-Investment Vehicle”). When a Co-Investment Vehicle is established for a particular transaction, it generally will invest in the transaction on the same terms as the applicable Fund that also is invested in such transaction. In certain cases, Co-Investment Vehicles may also pursue investments that are not pursued by a Fund and, in order to facilitate efficient execution of potential co-investment transactions, we have formed (and expect from time to time in the future to form) Co-Investment Vehicles to permit potential co-investments by an investor in one or more transactions (whether on an opportunistic or a systematic basis) should those opportunities arise. For purposes of this brochure, where the context permits, references to “Funds” will also be references to, or will include, Co-Investment Vehicles.

*Organization.* The Sixth Street Adviser was formed as a Delaware limited liability company in 2011 and is part of Sixth Street. The Sixth Street Adviser is wholly owned by Sixth Street Opportunities Advisers Holdings, LLC which under a series of subsidiaries is controlled by Special Situations GP, LLC.

*Related Advisers and Related Funds.* For purposes of this brochure, “Related Advisers” refers to Sixth Street Specialty Lending Advisers, LLC, as well as any other advisers that are or may in the future be affiliated with us. For purposes of this brochure, we refer to the funds and accounts managed by the Related Advisers as the “Related Funds.” See “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” below for information relating to how we generally address conflicts of interest related to the Related Advisers and Related Funds.

*Nature of Advisory Services.* As an investment adviser, we identify investment opportunities and participate in the acquisition, origination, management, monitoring and disposition of investments for each Fund. We:

- primarily provide investment advisory services on a broad range of investment strategies in a variety of instruments, including, but not limited to,
  - credit and credit-related investments;
  - bonds;
  - equities and other securities (including ABS (as defined below) and other structured securities);
  - loans (including bank loans and loan origination activity);
  - receivables;
  - assets;
  - claims; and
  - derivatives (including those that derive their value from the foregoing),

all from a broad range of issuers, borrowers and counterparties in a broad range of markets, and in each case to the extent consistent with each applicable Fund’s investment objectives and strategies (please see “*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*” below).

*Advisory Services and Related Agreements.* We generally provide investment advisory services to each Fund pursuant to a separate investment advisory agreement, which we refer to as an “Advisory Agreement.” Each Fund’s Advisory Agreement sets forth the terms of the investment advisory services we provide to the Fund. Investment guidelines or restrictions for each Fund, if any, are generally established in its organizational or offering documents and/or side letter agreements negotiated with its investors. We provide investment advice directly to the Funds, and not individually to the investors in the Funds (which are referred to throughout this brochure individually as an “investor” and collectively as the “investors”).

As described more fully in “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” below, we and our related entities routinely enter into side letter agreements and other arrangements with certain investors in the Funds that provide such investors with customized terms, which often results in preferential treatment.

*Amount of Client Assets.* As of March 31, 2022, we managed on a discretionary basis a total of over \$60 billion of client assets.

## **ITEM 5 – FEES AND COMPENSATION**

*Fees Generally.* We establish and negotiate with investors in the applicable Fund the precise amount of, and the manner and calculation of, the advisory fees for the Fund (which in other contexts we commonly refer to as “management fees”). Such Fund’s Advisory Agreement, organizational documents, offering documents, indenture and/or other documentation, which we refer to collectively as, together with any applicable side letters, the “Governing Documents,” set forth the precise amount of, and/or the method of calculation of, the advisory fees. In particular, advisory fees payable by the Funds are generally calculated (and may also apply different fee rates) based on one or a combination of different metrics, including a Fund’s capital commitments (or unused capital commitments), actively invested capital contributions, net assets or gross assets (inclusive of leverage), including on an unrealized basis, performance by reference to a specified benchmark rate (for example, a market index), as well as other metrics that we may agree with investors from time to time, and generally depend, in particular, on the strategy of the relevant Fund. However, these metrics nonetheless differ significantly across the Funds, including among Funds that pursue similar or overlapping strategies. In addition, the method of calculation of advisory fees generally vary during the term of the relevant Fund. Please see “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” for a description certain conflicts of interest that may arise as a result of the different bases on which advisory fees are calculated across our Funds, and for a description of the side letter agreements or arrangements (including broader strategic relationships) that we enter into with certain investors in Funds that provide such investors with customized terms, including with respect to reduced advisory fees.

We generally charge advisory fees to the Funds and such fees paid by a Fund are indirectly borne by its investors. Such advisory fees may be funded by drawdowns under a Fund’s subscription credit facility, from capital calls from investors, or deducted directly from proceeds of a Fund otherwise distributable to investors, and are generally payable quarterly in advance. The terms applicable to the relevant Fund typically do not contemplate repayments of fees to the extent that our services terminate (or an investor withdraws or redeems its interests in such Fund) prior to the end of the relevant payment period, although the amount of any advisory fee may be prorated for periods of less than a full billing cycle at the beginning or end of our provision of investment advisory services. To the extent the base upon which an advisory fee is charged changes during the course of any relevant period (*e.g.*, due to an increase/reduction in actively invested capital or the net asset value of the Fund), we generally expect to make an adjustment, true-up or refund to the extent expressly required in a Fund’s Governing Documents. As a result, we have an incentive to time the termination of the applicable Fund’s commitment period or the disposal of a particular investment in a manner that increases the aggregate amount of advisory fees we receive. Our Advisory Agreements generally impose some restrictions on a Fund’s ability to terminate the agreement. The specific restrictions vary depending on the nature of the Fund.

The collateral management fees for certain Funds, namely the Sixth Street-managed CLOs, accrue quarterly and are payable in arrears only to the extent that funds are available in accordance with the priority of payments described in a Sixth Street-managed CLO’s indenture.

Certain investors in a Fund, including, for example, the Fund’s general partner, its affiliates (including our employees) and certain “friends and family,” pay reduced or no advisory fees at our discretion (though these investors generally pay their pro rata share of certain Fund expenses). In addition, certain Co-Investment Vehicles do not pay any advisory fees.

Please see “*Item 6 – Performance-Based Fees and Side-by-Side Management*” for information regarding performance-based compensation.

*Fund Expenses.* In addition to the advisory fees described above,

- certain Funds (and indirectly their investors) also bear certain organizational expenses, generally up to a specified cap, that are incurred in connection with the formation of the Funds and the offering of interests in them to potential investors, including
  - fees and expenses of counsel, including for structuring the Funds, analyzing and satisfying applicable regulatory requirements, preparing offering materials and preparing and negotiating the

Governing Documents and all other documents attendant to a Fund's formation and organization, including any entity formed directly in connection with the organization or operation of the relevant Fund, and fees, costs and expenses relating to the admission of additional investors or increased capital commitments of existing investors;

- travel and related expenses incurred in connection with meetings with prospective investors regarding possible investments in the Funds; and
- other expenses related to a Fund's formation, including costs and expenses relating to in-house services;
- each Fund, and hence all of its investors, also generally bears, either directly or indirectly through one or more holding vehicles or other special purpose entities through which an investment may be held, all of the expenses incurred in relation to its activities, operations, meetings and eventual liquidation (other than expenses resulting from our fraud, gross negligence or willful misconduct), including, to the extent provided in the particular Fund's Governing Documents, expenses, costs and fees
  - incurred in connection with discovering, investigating, developing, pursuing, negotiating and structuring investment opportunities (whether or not the investment is consummated) and making investments;
  - related to joint venture, operating partners or platform companies, including compensation, costs and expenses in connection with negotiating or entering into a joint venture, platform, operating, cooperation or similar or related agreement, and fees and compensation of any persons that are engaged to provide services (including Servicers) (as defined below) with respect to any assets of the Fund or any such joint venture or platform (including start-up costs relating to potential platforms that the Fund ultimately does not pursue);
  - associated with the organization, operation, administration, restructuring or winding-up, dissolution and liquidation of any special purpose vehicles or alternative investment vehicles;
  - of any third party, professional directors engaged by, or on behalf of, the Fund's general partner, the Fund or any subsidiary thereof;
  - for drafting and negotiating agreements related to the making and financing of an investment, conducting due diligence and securing regulatory approvals;
  - associated with Independent Advisors (as defined below) for assessing secondary loan origination investments;
  - of accountants, brokers, administrators, valuation firms and other professionals or service providers that provide due diligence and other services;
  - of tax specialists that advise on the structuring of an investment;
  - of investment banks and related bank charges, placement, syndication and solicitation fees, arranger fees, sales commissions, investment, execution, closing and administrative fees, costs and expenses;
  - of advisors, consultants and other third-party service providers that advise, among other things, on various aspects of sourcing, investigating and pursuing possible investments, including industry and subject-matter experts;
  - relating to potential but not consummated investments and co-investments, including costs that may have been allocated to prospective third-party co-investors or Co-Investment Vehicles had the deal been consummated;



- relating to the travel of our employees, including in connection with any Specialized Operational Services and in-house services, including airfare (including, with respect to travel on non-commercial aircraft, costs of travel at comparable commercial airline rates), hotel, entertainment and meal expenses;
- incurred in maintaining investment-related legal entities, including related accounting, tax, legal and regulatory compliance activities;
- incurred in sourcing, negotiating, holding, developing, operating, managing, monitoring and disposing of investments;
- relating to the Fund's (or any of its subsidiaries or affiliates') borrowing or any portfolio leverage, such as interest, commitment fees, upfront fees, legal fees, structuring fees and underwriting fees, fees in connection with margin loans and total return swaps and other fees and expenses;
- relating to conferences and other professional development activities for executives of companies in which a Fund holds a portfolio investment (including those we organize);
- relating to business development activities, including meals and events;
- of (and costs associated with monitoring) Servicers providing asset management, sourcing, due diligence, underwriting, loan and other asset servicing, accounting, operational or other services with respect to portfolio investments and/or potential portfolio investments;
- of (and costs associated with monitoring)
  - custodians,
  - depositaries,
  - advisors (including Senior Advisers (as defined below)),
  - consultants (including, but not limited to, consulting fees incurred by a Fund for the benefit of a portfolio investment),
  - economists,
  - sourcing persons,
  - brokers,
  - intermediaries,
  - administrators,
  - valuation firms,
  - lawyers and legal professionals,
  - tax professionals,
  - accountants,
  - auditors, and

- other professionals or service providers for services rendered to, or for the benefit of, the Fund (in each case, regardless of whether Sixth Street employees have provided similar services to the Fund or Related Funds);
- relating to advisory committee meetings and activities (or meetings and activities of a similar body), including
  - venue expenses,
  - fees, costs and expenses associated with any legal counsel or other third-party service providers or advisors, and
  - incidental or related expenses associated with coordinating and hosting meetings of the Fund's advisory committee (or similar body) (including travel and entertainment of the advisory committee or similar body's members, including any non-voting observer of the advisory committee, and Sixth Street professionals attending such meeting (including hotel, airfare, meals and other transportation));
- relating to other meetings of Fund investors in connection with the Fund, including venue expenses, and fees, costs and expenses associated with any legal counsel or other third-party service providers or advisors;
- relating to the travel of our employees in connection with the Fund's advisory committee (or similar body) or investor meetings and investment and other Fund-related travel;
- for insurance coverage, including general partner liability/director and officer insurance and crime/fidelity insurance;
- for due diligence and research expenses (including an allocable portion of any research or other service that may be deemed to be bundled for the benefit of the Fund), as well as the information technology systems used to obtain such research and other information, including data and information service subscriptions, related systems, services from data providers, data management software, and subject and industry-matter research;
- for information technology and related costs, including costs related to software, hardware and other technological systems (including specialty and custom software) and the development, licensing, implementation, maintenance, upgrade and operation of any web portal, extranet tool, order management, data storage, expense allocation, fund and portfolio accounting, treasury, reconciliation, third-party diligence, portfolio monitoring, employee time tracking, cybersecurity and other systems or tools which are expected to benefit one or more Funds;
- of net hedging expenses and interest expenses, and other execution and trading costs (including costs associated with trade errors);
- relating to financing, margin calls, guarantees and similar obligations;
- associated with the Fund's administration and any administrator (including in relation to calling capital from and making distributions to investors, the administration of assets, the administration of Fund "waterfalls," monitoring compliance with the Governing Documents, the administration of assets, financial planning and treasury activities, other reports and notices and any other operational, secretarial or postage expenses relating thereto or arising in connection with the distribution thereof);
- relating to administrative and accounting services (including investor information databases), including relating to any third-party administrator that provides accounting and administrative

services to the Fund, and the preparation of financial reports and responses to reporting requests from, or reports delivered to, investors, including the costs incurred to audit and provide access (whether through the Fund's website or other portal) to such reports and any other related operational, secretarial or postage expenses;

- relating to structuring of investments for tax, regulatory or business reasons, including to comply with EU Regulation No. 2017/2401 (including any secondary legislation, technical standards and official guidance relating thereto) (the "Securitization Regulation"), including related to additional due diligence or reporting requirements and any costs associated with the Fund acting as an originator risk retainer for purposes of Article 6 of the Securitization Regulation;
- relating to compliance with tax or regulatory requirements applicable to the Fund or any alternative investment vehicles thereof (including the preparation and delivery of Fund financial statements, tax returns and Schedule K-1s or equivalent forms or comparable information), the preparation and submission of regulatory filings, reporting or disclosures of the Fund and its affiliates (including Form PF, Form SHLA and other regulatory registrations, notices, filings, reporting or disclosures relating to the Fund's activities, including those with the Commodity Futures Trading Commission (the "CFTC"), the SEC and Cayman Islands Monetary Authority ("CIMA")) and compliance obligations arising from the European Union's Directive 2011/61/EU on Alternative Investment Fund Managers with respect to the Fund and anti-money laundering laws and regulations;
- relating to the registration, annual and other fees and disbursements payable to CIMA in connection with the registration (including of alternative investment vehicles of the Funds) under, and on-going requirements of, the Cayman Islands Private Funds Act (As Revised);
- relating to the implementation of, and compliance with, environmental, social, governance and other similar standards applicable to the Fund, its investments and potential investments, including diligence thereof and any requirements related to the foregoing set forth in one or more side letters;
- relating to the establishment and maintenance of Sixth Street's foreign offices, including but not limited to our Luxembourg office (including office rent and salaries and other personnel expenses), and the establishment and maintenance of other non-U.S. offices or arrangements, where professionals perform certain local services in connection with the management of non-U.S. investments, including structuring, negotiation, execution, administration and monitoring activities (including fees, costs and other expenses related to arrangements with third-party service providers engaged in connection with the Funds' investments, operations or otherwise, including in connection with the Funds' non-U.S. portfolio investments);
- for litigation or any dispute relating to the activities or operations of the Fund and any related judgments or settlements (including any indemnification paid pursuant to the Governing Documents);
- relating to any audit, investigation, regulatory or governmental inquiry or public-relations undertaking;
- relating to the representation of the Fund or its investors with respect to tax compliance or controversy matters (including fees, costs and other expenses incurred by the Fund, partnership representative or designated individual acting in such capacity);
- relating to compliance (or testing, monitoring or ensuring compliance) with the Governing Documents and preparation of related materials (such as internal manuals, summaries, guides, checklists or compendiums related to ongoing compliance therewith), and distribution of definitive documents and other materials or other distributions;

- consisting of taxes, fees or other governmental charges levied against the Fund, its subsidiaries and entities in or through which it invests (including as a result of the structure of the general partner's interest therein);
- to facilitate the making of special tax distributions;
- relating to termination, winding up, dissolution of, liquidating or dissolution of the Fund;
- consisting of extraordinary expenses related to the Fund or actual or potential portfolio investments;
- relating to any amendments, restatements or other modifications to the Governing Documents, including the solicitation of any consent, approval, waiver or similar acknowledgement from investors and/or the Fund's advisory committee (or similar body) and preparation of, and compliance with, or monitoring compliance with, the foregoing or related materials (such as summaries or checklists related to ongoing compliance therewith);
- relating to appointments or changes of any representative or paying agent (pursuant to the Swiss Collective Investment Schemes Act);
- relating to activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including to the extent incurred in connection with the General Data Protection Regulation (EU 2016/679) (as amended)).
- for clearing and settlement charges;
- not specifically identified in the Governing Documents as being borne by us; and
- certain Funds bear expenses enumerated in their Governing Documents, including, among other things, expenses related to in-house services (as described below) and of employees or consultants providing operational support, regulatory or legal support, specialized operations and consulting services and similar or related services (as described below – see “*Item 5 – Providers of Specialized Operational Services*”) to the Funds or their portfolio investments. The amount of these expenses is generally disclosed to investors in accordance with the relevant Governing Documents. See “*Certain In-House Services*” below for additional information on these expenses.

In addition, the Funds may from time to time incur certain expenses which relate to an individual investor or a group of investors, including in relation to blocker entities formed for tax purposes, bespoke reporting or other specific requests relating to the Funds. If we determine such expenses to be attributable to certain investors, such expenses may be specially allocated to such investors in a Fund and capital contributions or other payments or reimbursements in respect thereof may only be made by such investors.

The Funds' Governing Documents generally permit the Funds, subject to certain limitations, to (i) borrow to pay the expenses described above, (ii) pay these expenses by withholding distributions that would otherwise be made to limited partners or (iii) to reimburse Sixth Street (or its affiliates) for the payments of such expenses.

Some expenses, including organizational expenses, are incurred on an aggregate basis for the benefit of multiple Funds, Related Funds and/or Sixth Street. We allocate the aggregate costs of these items across the applicable Funds, Related Funds and Sixth Street in a manner we determine to be reasonable and fair in our sole discretion. For instance, when allocating amounts (including premiums, fees, costs and expenses of firm-wide insurance) to a Fund, the Fund's allocable portion may be a fixed percentage or may be based on some other metric, in either case that we determine to be reasonable and fair, considering such factors as we deem relevant, but in our sole discretion. For example, a typical allocation methodology is pro rata in accordance with assets under management, and regardless of the methodology initially determined, we may make corrective allocations should we determine subsequently that corrections are necessary or advisable. Although certain Fund expenses will accrue and be allocated among investors prior to the actual payment of such expenses (e.g., audit-related costs), other Fund expenses will not be allocated

among investors until such expenses are actually paid (e.g., certain outside counsel costs), which may occur a substantial period of time after such expenses are incurred, including in light of the timing of allocation determinations and final invoicing from third-party service providers. In certain circumstances, expenses initially allocated among and paid by investors will be subsequently re-allocated. For example, transaction-related expenses may be initially allocated among and paid by investors in the proportion investors are anticipated to participate in such transaction at the time expenses are paid, and subsequently re-allocated following such time as we determine the final allocation of the investment opportunity among investors. In these circumstances, investors would be reimbursed or otherwise credited and other investors required to pay or otherwise debited such that each investor ultimately bears its proportionate share of such expense. Similar adjustments apply with respect to allocations between Funds and/or Related Funds. Such adjustments and re-allocations are also expected to apply to special purpose vehicles or other entities to facilitate the potential holding of assets or investments, and these special purpose vehicles or other entities (which may be formed for administrative convenience prior to the time at which a particular investment is identified and allocated to a particular fund) may be transferred to, and the costs of which re-allocated among, the Funds and/or Related Funds ultimately making use of such special purpose or similar vehicles. When formed and prior to being transferred, certain of these vehicles are expected to be subsidiaries of a Related Fund, the general partner of that Fund or Related Fund, or the Sixth Street Adviser, as we determine in our sole discretion. We make these decisions at certain points in time and revisit such determinations at different intervals, which we determine in our sole discretion. If we decide to make a change in allocation, whether because of a change in the number of our Funds or because of the adoption of a new methodology, we may determine only to apply the changed allocation on a going-forward basis.

In addition, some expenses incurred primarily on behalf of one or more specific Funds may benefit other Funds, Related Funds or Sixth Street more broadly, and those Funds will not generally receive any special fees or other compensation by Sixth Street or other Funds or Related Funds in exchange for such benefits. For example, information Sixth Street obtains in connection with a Fund's research, due diligence and other background investigations (in each case, which may be general or finite) relating to the Fund's actual or potential investment activities will be valuable to other Funds and Related Funds and Sixth Street's other businesses. Similarly, foreign office costs borne by a Fund in connection with the establishment or maintenance of new or existing foreign offices may benefit Sixth Street or other Funds or Related Funds. Such expenses will generally be allocated among the relevant Funds and Related Funds or other entities in proportion to the relative usage of, or the benefit derived from, applicable products, tools or services, based on either the actual or expected participation in the deal to which the expenses relate or, for non-deal-specific expenses, some other metric that we determine to be reasonable and fair under the circumstances, considering such factors as we deem relevant, but in our sole discretion. Such allocations will be discretionary and may not accurately reflect the benefits that all entities received from such research or investigations. Furthermore, tools and resources developed at a Fund's expense will be the intellectual property of Sixth Street and not the Fund. Sixth Street may license or sell its intellectual property to third parties in the future, and the relevant Fund will not benefit from such license or sale.

Further, we and our affiliates may, in the future and in connection with Funds or Related Funds or our businesses more generally (including in connection with services provided to third parties), wish to utilize intellectual property or other assets developed by, or that are the property of (whether jointly developed and owned with Sixth Street and our affiliates or otherwise), persons in which another Fund holds portfolio investments. We and our affiliates may also wish to retain such intellectual property or other assets (including through the benefit of perpetual licenses) following the disposition of the relevant portfolio investment by the relevant Fund. Our retention or other use of such property could adversely impact the value realized by the Fund in connection with such disposition (particularly in circumstances where the intellectual property or assets in question constitute a significant portion of the value of the portfolio investment). Depending on the circumstances and the Governing Documents, we may or may not seek the approval of the Fund's advisory committees for the use or retention of such intellectual property or other assets, and conflicts of interest will arise in connection with our interpretation of the Governing Documents and our determination as to whether advisory committee approval is required.

For information on brokerage practices, see "*Item 12 – Brokerage Practices*" below.

*Certain In-House Services.* Certain Funds pay or reimburse us for the fees, costs and other expenses related to certain legal, regulatory, tax, accounting, information technology and similar services (such as operations and compliance) (including in connection with providing services alongside and/or monitoring a Fund's administrator, valuation experts and other third party providers, and relating to the implementation of, and compliance with, environmental,

social, governance and other similar principles, policies, commitments or similar standards applicable to such Funds, their investments and potential investments) provided to such relevant Funds by us or an affiliate (including an allocable portion of personnel expenses (including annual compensation, bonus or other cash or profits interests, equity interests or other incentive-based compensation) and overhead expenses (including benefits)) if certain conditions are met, which generally include:

- we reasonably believe it is in the Fund's best interests to have in-house personnel perform such services; and
- the costs of providing such services in-house are less than the amount that would be charged by a third party in an arm's-length transaction.

We have developed processes to monitor the allocation of expenses relating to in-house services. A monthly time allocation is prepared for each individual service provider (*e.g.*, Sixth Street employee or other affiliate) to reflect the services he or she provided to Funds and/or Related Funds, or us or Related Advisers as applicable. Senior professionals in the relevant service group and our legal or compliance professionals and other "Federation" professionals review the allocations on a periodic basis for reasonableness. We determine the monetary value of services performed by a Sixth Street employee providing in-house services by reference to the aggregate annual compensation paid to the employee (including profits interests, equity interests or other incentive-based compensation), plus an estimate of the overhead (including, but not limited to, benefits) and other fixed costs allocable to the employee, and the amount of time spent by the employee providing the in-house services. Our internal compensation team adjusts recorded time as necessary, and we review the assigned monetary value against third-party benchmarks on a regular (typically annual) basis. The cost of researching third-party benchmarks is shared among the Funds that bear expenses relating to in-house services. For time allocated to a Fund, it bears the lesser of the third-party benchmark and the actual in-house service cost. Because our in-house expense allocation process relies on certain judgments and assessments that in turn are based on information and estimates from various individuals, the allocations that result may not be exact. These processes are subject to change by Sixth Street in its good faith discretion and in accordance with the relevant Governing Documents and, in the future, we may use additional or different methods to allocate in-house expenses (as further described above).

In addition, Sixth Street relies on professionals in Luxembourg and certain other non-U.S. jurisdictions as an alternative to appointing third-party service providers in those jurisdictions. The dedicated team of professionals in those offices will perform, as applicable, certain critical local services in connection with the management of the Funds' non- U.S. portfolio investments, which may include structuring, administration, analysis and evaluation, which are expected to directly benefit the Funds and their investments. Sixth Street and/or its affiliates may enter into similar arrangements with entities or offices it establishes in the future in Luxembourg or other regions in order to facilitate the Funds' making and managing of portfolio investments in those regions. If these offices have sufficient substance in their respective jurisdictions, the Funds may be eligible for benefits under domestic laws, statutory exemptions or tax treaties entered into by such jurisdictions or otherwise be respected for purposes of various local tax laws. We believe it is to the benefit of investors if the capabilities of Sixth Street professionals in these jurisdictions are expanded and substance requirements in such jurisdictions are otherwise satisfied. Sixth Street expects that the costs associated with maintaining these foreign offices will be outweighed by tax and other cost-savings from their establishment. Certain of Funds will bear their proportionate share of the costs and expenses, including office rental expenses and salaries and other personnel expenses, associated with the maintenance of Sixth Street's Luxembourg office and the establishment and maintenance of other offices or arrangements in Luxembourg or other jurisdictions (or of Sixth Street's allocable share of such costs and expenses relating to the maintenance of such offices or arrangements in such jurisdictions), and the establishment and maintenance of other offices or arrangements, generally up to an annual cap as set forth in the relevant Governing Documents of the Funds.

Many of the same considerations described with respect to in-house services also apply to foreign office costs and services provided by professionals in the foreign offices of Sixth Street and its affiliates (and eligible to be charged to the Funds as foreign office costs) are expected to substantially overlap with services that may be eligible to be charged to the Funds as in-house services described above. Sixth Street will have significant discretion in determining whether the services provided by a particular professional in a foreign office (together with any allocable overhead and other costs or expenses) will be charged to certain of the Funds as in-house services and/or foreign office costs, and in many circumstances services will be eligible to be charged as either in-house services or foreign office costs. In any annual period, we may determine that it is appropriate to treat eligible services provided by professionals in the foreign offices

of Sixth Street and its affiliates in part as in-house services and in part as foreign office costs. Although in-house services and foreign office costs eligible to be charged to the Funds are each typically subject to separate annual caps under applicable Governing Documents, our discretion in making such determinations, together with the overlap in services that may be eligible to be charged to a Fund under each cap, may result in overall services that could be categorized as foreign office costs being charged to a Fund in excess of any applicable cap on foreign office costs.

Occasionally, whether a service meets the criteria for payment by or reimbursement from a Fund is not clear. In such circumstances, we will determine in good faith whether and to what extent payment or reimbursement is appropriate based on the facts and circumstances.

Payments or reimbursement of in-house expenses may be made on an estimated basis in advance, subject to subsequent true-up to reflect actual in-house expenses incurred in any applicable period. Although the annual cap generally relates to in-house expenses incurred in any annual period whether or not such amounts are paid or reimbursed in a prior or subsequent period, when payments for or reimbursements of in-house expenses for a given fiscal year occur in a prior or subsequent fiscal year, we may allocate such costs to the fiscal year determined appropriate by us in our discretion.

In-house services relating to the formation of certain Funds or admission of additional investors or increased capital commitments of existing investors may comprise organizational expenses and therefore be subject to the specified organizational expense cap of the applicable Fund. In-house services may include, without limitation, assisting with a Fund's annual audit and liaising with the third-party administrator and other service providers; providing operational support for a Fund's trading and financing activities; maintenance of information technology and development of software for risk and other reporting; providing legal advice and assistance, including in connection with making, managing and disposing of investments as well as in connection with the firm's compliance program; and preparation of filings and other tax-related matters. In-house services provided by Sixth Street compliance personnel are expected to include legal, regulatory and other services. For example, services relating to the preparation and review of reporting, disclosures, notices or similar materials by a Fund or Sixth Street to a Fund's advisory committee, one or more limited partners or the limited partners of a Fund as a whole; regulatory or similar filings applicable to, or for the benefit of, a Fund or its investments such as with the CFTC and SEC; monitoring compliance by a Fund or its investments with applicable laws, rules or regulations, confidentiality obligations, Governing Documents or otherwise relating to a Fund or its investment activities (including analysis and interpretation of related requirements or obligations, and the preparation and review of related materials), may be eligible to be charged to a Fund as in-house expenses. From time to time, our in-house professionals provide services alongside and/or monitor a Fund's administrator, valuation experts and other third-party service providers on the same matter or engagement. When this occurs, although a third-party is also engaged on the matter, a Fund will typically still reimburse us for the work performed in-house to the extent we determine that the in-house work meets the criteria for reimbursement (subject to the Governing Documents).

#### *Providers of Specialized Operational Services*

The Funds are permitted to reimburse all fees, costs and other expenses (including an allocable portion of annual compensation (including bonus or other cash or profits interests, equity interests or other incentive-based compensation) and overhead expenses (including, but not limited to, benefits) related to certain Specialized Operational Services rendered in connection with actual or potential portfolio investments, where the company in which the Funds hold the relevant portfolio investment does not directly or indirectly reimburse such costs. These services have been referred to by us as "field operations" or "specialized services" and consist of operational support, regulatory or legal support, specialized operations and consulting services and similar or related services provided by our operations professionals or other employees or affiliated individuals or entities retained by us or our affiliates in connection with the identification, acquisition, holding and disposition of investments (including potential investments). We refer to such services as "Specialized Operational Services" and to the individuals and companies that provide them as "Specialized Operational Service Providers." These services may include, for example, support or analysis regarding:

- the company's management (including serving in management positions or participating in the determination of corporate strategy), developing operational turnaround or other similar plans;

- the company's supply chain (including leveraged procurement and logistics/distribution networks);
- marketing and sales strategy, pricing and sales force effectiveness;
- data intelligence;
- finance, accounting and asset management (including generating metrics and reporting and business restructuring);
- human capital management (including recruiting personnel, management on-boarding, identifying, curating and developing a network of talent and third-party recruiting resources in anticipation of supporting the company's recruiting efforts and determining executive/incentive compensation);
- information technology;
- corporate communications and public relations (including identifying, curating and developing a network of talent and third-party public relations resources in anticipation of supporting the company's corporate communications and public relations efforts);
- governmental affairs and relations;
- customer service;
- environmental, social and governance (including target setting and strategy, policy and reporting development, and the implementation of, and compliance with, standards and commitments applicable to the Funds, their investments and potential investments, including diligence thereof);
- property management, development and other real estate matters;
- procurement programs; and
- other similar matters.

Occasionally, whether a service constitutes a Specialized Operational Service is not clear. In these instances, we will consider, in our sole discretion, a service a Specialized Operational Service if we determine that (i) third parties often provide such a service; and (ii) it is performed by an individual or individuals with the relevant experience or expertise. For example, board services would generally not be Specialized Operational Services subject to reimbursement, as they are not generally operational services requiring specialized experience or expertise. Services such as establishing or assessing a leveraged procurement plan or developing a market survey designed to enhance market share would be types of Specialized Operational Services that would be subject to reimbursement, as these services require operational expertise. We engage our professionals to provide Specialized Operational Services when we believe that they more effectively drive value creation than independent service providers.

Specialized Operational Services will at times be provided in respect of portfolio investments prior to the closing of the investment and to Funds in connection with their diligence of potential investments and may be charged to the Funds.

As noted in this *"Item 5 – Fees and Compensation"* and subject to the Governing Documents, portfolio investments and/or the Funds will reimburse the costs and expenses associated with Specialized Operational Services ("Specialized Operational Services Expenses"). Such reimbursements for Specialized Operational Services generally will not reduce the advisory fees charged to Funds, regardless of whether the Specialized Operational Services Expense is incurred in connection with a Specialized Operational Services Provider who is our employee or affiliate. Specialized Operational Services Expenses (including those incurred in connection with an affiliated Specialized Operational Service Provider) will typically be determined in our discretion taking into account the particular Specialized



Operational Services. In addition, reimbursements from portfolio investments in respect of Specialized Operational Services are usually in the form of cash, but can sometimes be in kind, including options, restricted stock units, profits interests or other equity awards or interests (including with time- or incentive-based vesting) in a portfolio investment. We will evaluate the treatment of any such in-kind reimbursement on a case-by-case basis, including as to valuation for reporting purposes and the timing and manner of disposition.

In the event one or more Specialized Operational Service Providers (directly or indirectly) is providing services with respect to the Fund and one or more Funds, such Specialized Operational Services Expenses will generally be allocated among the Fund and the other relevant Funds pro rata in accordance with their respective investments unless another method is more equitable under the circumstances, as we may determine in our sole discretion.

If an employee provides the Specialized Operational Service, we generally determine the associated Specialized Operational Services Expenses by reference to the aggregate annual compensation paid to the employee including profits interests, equity interests or other incentive-based compensation, plus an allocation for overhead expenses (including, but not limited to, benefits) and other fixed costs and the amount of time spent by the employee providing the Specialized Operational Services. We use a similar formulation for calculating the reimbursement amounts for Specialized Operational Service provided by consultants such as Senior Advisors. As these professionals typically have tailored compensation arrangements specific to their engagement that we negotiate with them in our discretion. Given the inherently specialized nature of such services, a limited market for such services exists, often setting no clear market guidelines on appropriate compensation. Although we intend operations professionals to be compensated at competitive rates, their compensation will not necessarily be determined through arm's-length negotiation.

We have an incentive to retain our operations professionals to provide Specialized Operational Services, even if retaining other providers would be as or more advantageous to the portfolio investment. We determine in our discretion whether to engage an operations professional as a Sixth Street employee or as a consultant and we will make this determination in good faith based on the relevant facts and circumstances. Sometimes, an operations professional is initially engaged as a consultant and later transitioned to being an employee, or *vice versa*. Our determination regarding whether to engage an operations professional as either a Sixth Street employee or a consultant may give rise to conflicts of interest because, in general, except with respect to specialized operational services and certain in-house expenses, the compensation costs for Sixth Street employees are generally borne by us, whereas compensation costs for consultants or other third parties may be paid by us, the Funds, or a portfolio investment. In addition, possible providers of Specialized Operational Services may be investors in, provide goods or services to or have other relationships with the Fund or Related Funds, which in turn may influence our decision on whom to retain. Moreover, there can be no assurance that the quality of and fees for services provided by Sixth Street operations professionals will be just as favorable to the Funds or their portfolio investments as those for services provided by parties unaffiliated with Sixth Street.

Although the Funds' ability to reimburse providers of Specialized Operational Services is often subject to an annual cap as set forth in the Governing Documents, we may choose to retain third parties that provide similar services that would have otherwise been provided by providers of Specialized Operational Services, but that do not qualify as providers of Specialized Operational Services under the Governing Documents, and the payment and reimbursement of these providers is not subject to any such cap. In addition, there could be circumstances where service providers were previously associated with Sixth Street and performed services that were subject to the restrictions and expense caps set out in the Governing Documents applicable to our affiliates, but such persons' relationship with Sixth Street subsequently changes and they are no longer considered our affiliates for purposes of the Governing Documents (*e.g.*, if a specific group or business line is spun out of Sixth Street). In those circumstances, although any transactions between the Funds and such persons will no longer be subject to the restrictions applicable to transactions with our affiliates under the Governing Documents (*e.g.*, any cap applicable to the reimbursement of Specialized Operational Services by the Funds or any advisory fee offset), we may continue to retain a (potentially significant) economic interest in such persons, and the continued provision of services by such persons to the Funds could raise potential or actual conflicts of interest. For instance, there can be no assurance that other service providers would not be more qualified to provide the applicable services or would not provide such services at lesser cost (including because fee rates will not typically be subject to benchmarking, surveys or other confirmations of market or arms'-length rates). In addition, portfolio investments of the Funds could provide opportunities for such persons to invest in such portfolio investments (including one or more portfolio investments with respect to which such persons are not providing services directly). Compensation in the form of profits or equity interests in a portfolio investment generally has a

dilutive impact on the Funds' investment. On the other hand, where such persons previously provided services exclusively to Sixth Street, they could also begin providing services to third-party, which could invest in the same geographies, strategies, industries or types of investment as the Funds, or otherwise seek to pursue investment strategies similar to, or which overlap or conflict with, the investment strategies and other activities of the Funds and their portfolio investments. Such persons could thus be in a position to dedicate less of their business time and attention to the Funds.

*Multiple Layers of Certain Fees, Expenses and Other Costs.* Certain Funds or SMAs include, as part of their investment mandate investing in, or, in certain cases, may be formed specifically to invest in, other Funds, Related Funds, SMAs or Sixth Street-managed CLOs. In those circumstances, in addition to bearing management, advisory or similar fees, expenses (including expenses payable to third parties and expenses payable in consideration of services provided by us or our affiliates (*e.g.*, expenses relating to in-house services, Specialized Operational Services or foreign office costs)) and/or performance-based compensation at the level of the Fund or SMA in which they are invested (to the extent applicable in accordance with applicable Governing Documents), investors will also indirectly bear some or all of those same types of costs at the level of each Fund, Related Fund, SMA or Sixth Street-managed CLO in which they are indirectly invested through their direct investment in the relevant Fund or SMA. Such management, advisory or similar fees, expenses and performance-based compensation will, at each level, be chargeable in accordance with the Governing Documents of the relevant Funds, SMAs, Related Funds or Sixth Street-managed CLOs. As a result, certain types of costs are expected to be higher in the aggregate than had there only been a single layer of such costs borne by the investors.

*Fees for Services Provided to Portfolio Investments.* In addition, we or our affiliates, including the general partners of the Funds, from time to time receive fees related to the making or origination, disposition or management of investments by the Funds ("Transaction Fees"), including:

- monitoring fees;
- directors' or committee fees;
- financial consulting fees;
- structuring fees;
- upfront fees;
- commitment fees;
- service fees;
- advisory fees;
- arranging fees;
- underwriting fees;
- syndication fees;
- origination fees;
- agency fees;
- amendment or consent fees;
- settlement fees;

- topping fees;
- closing fees;
- restructuring fees;
- origination fees or other service or non-service based fees that are not received by a Fund for distribution to its investors;
- break-up fees received in connection with the termination, cancellation or abandonment of a potential investment; and
- any other fees earned on or relating to the making or origination, disposition or management of investments.

While the specific category or type of fees depends on the nature of the underlying portfolio investment, such fees are not necessarily negotiated on an arm's-length basis. Although these Transaction Fees are in addition to the advisory fees, one hundred percent of such fees will generally be retained by Sixth Street (whether received in cash, as is typically the case, or in kind and howsoever structured) and the portion of such fees allocable to advisory-fee-paying investors in the relevant Fund will offset the advisory fee allocable to such investors, as set forth in the Governing Documents of the applicable Fund. However, a Fund and its investors will, in most cases, only benefit with respect to such Fund's allocable portion of any such fee and not the portion of any fee allocable to another entity, including, if applicable, a Co-Investment Vehicle. In addition, as some Funds do not pay advisory fees (*e.g.*, certain Co-Investment Vehicles) and certain investors do not bear advisory fees (including Sixth Street and its affiliates and certain "friends and family"), we will retain Transaction Fees received in respect of such Funds (or any portion allocable to such investors) without reduction of the advisory fees payable to us by other investors. The ability to receive amounts that do not offset the advisory fees or not paid directly to the Funds or are not paid directly to the Funds gives us an incentive to maximize such amounts and to cause Funds to make investments that could generate such amounts even if we otherwise would not have caused Funds to make such investments in their absence. Certain fees and expenses are not considered Transaction Fees under the terms of the applicable Governing Documents, and are not subject to the reduction arrangements described above. These amounts include:

- any amounts paid by portfolio investments as reimbursement for any out-of-pocket costs and expenses we incur in connection with a prospective or actual transaction, and/or an existing portfolio investment (including travel expenses, which include expenses for business or first class travel, "black car" transportation and meals (including late night meals consumed at times when not traveling) and entertainment-related expenses) or our performance of services for such portfolio investment, whether or not these expenses would be payable by a Fund if not for such reimbursement;
- any underwriting, private placement or arranging fees, discounts or commissions payable to Sixth Street BD, LLC (the "BD Affiliate") (or other affiliated broker-dealers) (as described below – see "*Item 5 – Fees Received by the BD Affiliate*");
- the portion of any fee allocable to a co-investor or other Fund or Related Funds (even if it is received by a Fund or any of its affiliates);
- reimbursement payments from portfolio investments for Specialized Operational Services (as described below – see "*Item 5 – Providers of Specialized Operational Services*");
- reimbursement payments from Funds in respect of in-house services (as described above);
- any amounts paid to Sixth Street and its affiliates that would otherwise constitute Transaction Fees but which are approved by the relevant Fund's advisory committee; and
- certain fees that are treated other than as compensation for services for U.S. tax purposes, as determined by Sixth Street, are referred to as "Non-Service Based Fees". Non-Service Based Fees received by (i) certain

Funds, may be retained by those Funds and distributed to investors, or paid over to Sixth Street, or (ii) Sixth Street, may be paid over to certain Funds (and distributed to investors) or retained by Sixth Street, in each case at Sixth Street's discretion. Non-Service Based Fees that are received and retained by the applicable Funds and distributed to investors, will not be treated as Transaction Fees under the applicable Governing Documents and will not offset advisory fees payable by the relevant Fund.

Transaction Fees do not include any fees earned from portfolio investments by individuals who are not employees of Sixth Street or its affiliates, which generally include Senior Advisers. See also "*Conflicts Relating to Third-Party Service Providers*." The determination of whether an individual is an employee generally turns on whether certain indicia of employment are present. This determination is highly fact-dependent and involves complex judgments within varying legal and regulatory frameworks. There can be no assurance that any such determination made by us will be the particular determination that is the most favorable to the Funds or most investors.

*Co-Investment Vehicles.* In certain cases, a Co-Investment Vehicle or other co-investors will evaluate a potential investment alongside a Fund. Investors in a Co-Investment Vehicle typically bear all expenses related to the vehicle's formation and operation similar to those described above for a Fund, and the vehicle generally bears its pro rata portion of expenses incurred in the making of an investment. However, if the potential investment is not consummated, the full amount of any expenses relating to the potential but not consummated investment (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) will typically be borne entirely by the Fund or Funds we select as proposed investors for such investment, rather than the Co-Investment Vehicle or other co-investor. See "*Item 11 – Allocation of Fees and Expenses for Broken Deals*" for more information.

With respect to Co-Investment Vehicles, any fees we receive, and expenses borne by the Co-Investment Vehicle, are generally negotiated on a vehicle-by-vehicle basis, but sometimes include asset-based fees and expense reimbursements or non-advisory administrative fees similar to those described above for the Funds.

*Fees Received by the BD Affiliate.* The BD Affiliate (as defined in "*Item 10 – Other Financial Industry Activities and Affiliations*", below), which we describe below in Item 10, is a broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority ("FINRA"). The BD Affiliate receives fees, commissions and/or other compensation in respect of the activities described below in "*Item 10 – Other Financial Industry Activities and Affiliations*".

For a description of material conflicts of interest created by our relationships with the BD Affiliate, please see "*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*" below.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Funds (other than CLOs) generally allocate a portion of their investment profits to their general partners, which are affiliated with us, as a carried interest or an incentive fee, as set forth in each Fund's Governing Documents. CLOs generally allocate a portion of their excess cash flow above a hurdle rate to their investment advisers in accordance with the relevant CLO's indenture and Advisory Agreement. Co-Investment Vehicles also, in some cases, allocate a portion of their investment profits to their general partners, which are affiliated with us, as a carried interest, as set forth in the relevant organizational documents for each such Co-Investment Vehicle.

Carried interest or other incentive fees in particular are generally subject to preferred return hurdles, catch-up allocations, and/or claw-backs, and the terms and structures relating to incentive- or performance-based compensation applicable to different Funds and among CLOs, differ significantly (even among Funds pursuing a similar or overlapping strategies), and the same may be true of Funds or CLOs formed in the future. For example, certain Funds have or are expected to have carried interest or other incentive-based compensation structures that are based on increases in the value of fund assets (including both realized and unrealized value) and/or where entitlement to such compensation is dependent upon value exceeding a specified benchmark rate (for example, a market index) (even if the Fund does not realize an overall gain) or measured over one or more defined or limited periods.

There is also a reduced allocation of incentive- or performance-based compensation with respect to certain investors in certain Funds, including, for example, the Fund's general partner, its affiliates (including our employees) and certain "friends and family."

The variation of incentive- or performance-based compensation structures among Funds, and the allocation of carried interests or excess cash flow, as applicable, at different rates, or subject to different hurdle rates or to any other terms or structures that may be more favorable to Sixth Street or its affiliate, creates an incentive for us or our affiliates to disproportionately allocate time, services or functions to vehicles that allocate performance compensation or advisory fees, or do so at a higher rate (or subject to a lower hurdle rates or to any other term that may be more favorable to Sixth Street or its affiliates), or to allocate investment opportunities to such Funds. Since the amount of incentive- or performance-based compensation allocable to Sixth Street generally depends on the Fund's performance, we have an incentive to approve and cause the Fund to make more speculative investments than it would otherwise make in the absence of such performance-based allocation. We also have an incentive to dispose of a Fund's investments at a time and in a sequence that we believe would generate the most compensation, even if it would not be in the Fund's interest to dispose of the investments in that manner. In addition, tax reform enacted in 2017 in the United States has generally increased to three years the holding period required in order for professionals to treat carried interest as capital gain. This creates an incentive for us to hold a Fund's investments for longer periods in order for the gain from their dispositions to qualify for capital gain treatment under the new carried interest rules, even if it would be in the Fund's interest to hold the investments for shorter periods. See "*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*" below for additional information relating to how we generally address conflicts of interest.

To mitigate the aforementioned conflicts, we have adopted policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that we believe is consistent with the relevant Governing Documents and otherwise fair and reasonable under the circumstances, considering such factors as it deems relevant, but in its sole discretion.

## **ITEM 7 – TYPES OF CLIENTS**

See "*Item 4 – Advisory Business*."

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

As described in "*Item 4 – Advisory Business*" above, Sixth Street conducts its investment activities primarily through its TAO, Opportunities, Growth, Agriculture, Specialty Lending, Fundamental Strategies, Credit Market Strategies, Infrastructure and Insurance investment platforms. The methods of analysis, investments strategies and risk of loss for each such investment platform (other than in respect of SLX) and for the broader Sixth Street platform, are described below. However, the methods of analysis and investment strategies pursued by a particular Fund (including, in particular, any SMA and "funds-of-one") may be customized based on client guidelines. As described in "*Item 4 – Advisory Business*" above, SLX's investment adviser, Sixth Street Specialty Lending Advisers, LLC, files a separate Form ADV, and SLX files periodic reports with the SEC under the Exchange Act.

### ***Methods of Analysis and Investment Strategies with Respect to Sixth Street Opportunities***

Sixth Street Opportunities seeks to make thematic, actively managed investments exhibiting downside protection, including across control-oriented opportunities, asset opportunities and corporate dislocations.

#### ***Control Orientation***

"Control Orientation" investments focus on companies or assets that we believe are operationally under-managed or part of an ecosystem experiencing change. These types of investments can be entered into via single name transactions or larger portfolio opportunities. They often occur in instances where Sixth Street can capitalize on structural and short-term volatility, *e.g.*, in sectors being disrupted by new technologies, new regulations, commodity cycles or in situations when a company's environment is undergoing change.

#### ***Asset Opportunities***

"Asset Opportunities" involve (i) the acquisition of non-performing, sub-performing, or orphaned loan portfolios and related origination, asset management, and servicing businesses, and (ii) the acquisition of individual assets or

portfolios of securities, loans, instruments and other assets across a wide range of sectors, as well as structured investments, which may include mezzanine debt or preferred equity. While Sixth Street Opportunities focuses primarily on opportunities in the United States and Europe, as the opportunity set migrates, we may also pursue investments in other geographies outside of these core areas.

Historically, Sixth Street has purchased loan portfolios directly from commercial banks or financial institutions at discounts to current market values of the underlying assets. Sixth Street Opportunities believes that many of these financial institutions have not dedicated adequate staffing to service delinquent and non-performing loans, particularly with respect to smaller balance assets. The key barriers to entry to being a repeat, credible purchaser in this market are: (i) reliable non-performing loan servicing capabilities, (ii) direct sourcing channels into commercial banks, and (iii) tight control of risk management practices from underwriting to value enhancement. Additionally, commercial banks are often incentivized to work with repeat buyers such as the Sixth Street Opportunities Funds, which are fair and efficient.

To support our Asset Opportunities business, we have at times built, acquired and/or worked with asset sourcing and servicing platforms. Fees and expenses related to such platforms are generally charged directly to, or recoverable from, those Funds that utilize, or are reasonably expected to utilize, relevant service providers.

### *Corporate Dislocations*

“Corporate Dislocations” are highly structured, “new money” transactions with troubled companies or companies in dislocated sectors (e.g., secured debt rescue financings or equity solutions). Sixth Street Opportunities seeks to be a solution provider to companies undergoing some type of distress or dislocation, or to companies confronted with an idiosyncratic issue.

By its nature, this opportunity set is difficult to define or predict, and will change over time. However, key characteristics of these dislocations include (i) structural changes in a sector that create a large unmet economic need, (ii) flight of traditional capital providers (including banks and hedge funds) creating a supply/demand imbalance due to illiquidity, market shocks, negative perception of sectors, or poor regulatory capital treatment of the asset class, and (iii) complexity in accessing or analyzing the asset class.

Corporate Dislocations are an attractive component of the portfolio given their typically uncorrelated risk to the rest of the portfolio and, in many cases, uncorrelated risk to the overall macroeconomic environment. Similar to Control Orientation investments, Sixth Street expects to operate with a strong bias towards control or substantial influence as a means to further mitigate business risks in corporate dislocation scenarios.

Sixth Street Opportunities seeks to identify these areas of dislocation globally and across core sectors that will enable us to leverage our proprietary diligence and innovative structures across multiple deals.

### ***Methods of Analysis and Investment Strategies with Respect to Sixth Street Growth***

Sixth Street Growth seeks to purchase and originate investments in non-stressed, growth-oriented issuers or borrowers, and expects to invest across three primary areas of focus, as further described below. Sixth Street Growth invests in issuers that are in later stages of development as well as those which are post-venture stage but in a comparatively earlier stage of development.

### *Growth Yield*

“Growth Yield” will be comprised of non-convertible debt and non-convertible preferred equity investments in late-stage growth companies that are most sensitive to dilution but seek greater operating flexibility than offered by traditional credit instruments.

In Growth Yield, Sixth Street Growth intends to focus on businesses that have reached what we believe to be critical mass and are beyond the “venture lending” stage of funding. That typically means revenue-generating businesses with what we consider to be strong unit economics that would generate cash flow to service our investment if not for their continued investment in growth, typically through investments in sales, marketing, R&D, product development or

capital expenditures. We target late-stage growth companies which have these secondary forms of repayment, while avoiding venture stage companies that do not.

#### *Convex Growth*

“Convex Growth” includes equity and convertible debt investments with a unique combination of downside-protection and upside optionality stemming from robust secular growth trends and attractive valuation.

Convex Growth investments generally resonate with companies that are willing to grant downside protection, often via debt security, liquidation preference and/or enhanced governance rights, to mitigate the dilution that traditional private equity, growth-equity and late-stage venture investors typically demand. Downside protection levers may include liquidation preferences, dividends, conversion ratchets, board representation, or security-specific protective provisions.

#### *Hybrid Solutions*

“Hybrid Solutions” focus on investments that are hybrid financing structures that combine aspects of Growth Yield and Convex Growth.

Hybrid Solutions investments are financing structures that combine aspects of Growth Yield and Convex Growth and are typically most appropriate for companies in search of “one-stop,” non-control financing solutions. Consistent with the Sixth Street Growth objective to providing bespoke financing solutions, Hybrid Solutions investments span the full breadth of the capital structure. A company’s alternative to a Hybrid Solution investment from Sixth Street would likely include negotiating disparate senior and junior capital raises with at least two investors. A Hybrid Solution investment allows companies to reduce the direct and indirect costs of a multi-party, multi-instrument capital raise.

#### ***Methods of Analysis and Investment with Respect to Sixth Street TAO***

##### *Adjacent Opportunities*

The Funds Sixth comprising Street TAO (the “Sixth Street TAO Funds”) invest in opportunities sourced across our platform that we believe offer attractive risk/reward characteristics and that are adjacent to the strategies of certain Funds, but do not fit the mandate of such Funds, due to factors that may include, but are not limited to, a non-control orientation, duration, the nature of the transaction or other considerations. These “Adjacent Opportunities” are not limited to any particular strategy.

##### *Crossover Opportunities and Crossover Investments*

As part of its core investment strategy, Sixth Street TAO pursues “Crossover Opportunities” or “Crossover Investments,” whereby the Sixth Street TAO Funds will (i) co-invest alongside other Funds in deals that are originated by, or on behalf of, such other Funds, but where there is excess opportunity available for the Sixth Street TAO Funds and (ii) invest in opportunities of the type generally made by (but that are not suitable, in whole or in part for) such other Funds.

The Sixth Street TAO Funds also pursue co-investments with other Funds in certain liquid instruments, such as corporate bonds and syndicated bank debt, which have yield and maturity characteristics that Sixth Street TAO finds attractive.

#### ***Methods of Analysis and Investment with Respect to Sixth Street Agriculture***

Sixth Street Agriculture represents a continuation and expansion of the agriculture investing activities carried out historically by Sixth Street TAO. Relative to the investments carried out by Sixth Street TAO to date, which have involved transitional or operationally intensive characteristics, the Funds comprising Sixth Street Agriculture (the

“Sixth Street Agriculture Funds”) target agriculture investments with relatively lower operational risk, focused predominantly on generating strong stabilized cash yields on long duration assets.

#### ***Methods of Analysis and Investment with Respect to Sixth Street Specialty Lending Europe***

Sixth Street Specialty Lending Europe seeks to engage in the direct origination of European middle market credit investments, focusing primarily on top of the capital structure, secured, floating-rate investments in companies with enterprise values ranging from €50 million to €1.5 billion. These investments will include first lien loans, which consist of “uni-tranche” loans and standalone first lien loans, standalone second lien loans, mezzanine loans and structured equity, and selective investments in equity through warrants and other instruments, in most cases taking such upside participation interest as part of an overall lending relationship.

#### ***Methods of Analysis and Investment with Respect to Sixth Street Fundamental Strategies***

Sixth Street Fundamental Strategies represents a continuation and expansion of the secondary stressed and distressed credit carried out historically by Sixth Street TAO, Sixth Street Opportunities and other Related Funds, and Sixth Street Fundamental Strategies seeks to invest across the credit cycles in the purchase of secondary stressed credit along with other special situations investments.

#### ***Methods of Analysis and Investment with Respect to Sixth Street Infrastructure***

Sixth Street Infrastructure represents a continuation and expansion of the infrastructure investments historically by Sixth Street TAO and Sixth Street Opportunities, and Sixth Street Infrastructure seeks to invest in companies and for assets in the global infrastructure and renewable energy spaces primarily in the form of equity, debt, and structured investments.

#### ***Methods of Analysis and Investment with Respect to Sixth Street Insurance***

Sixth Street Insurance represents a continuation and expansion of the insurance investments historically carried out by Sixth Street TAO and certain SMAs, and Sixth Street Insurance seeks to invest, through strategic partnerships, corporate acquisitions, reinsurance, and insurance company balance sheet management, in companies across the global insurance sector. Sixth Street Insurance also provides asset management services to the portfolio investments of certain Funds and has, and may continue to enter into, investment management agreements and/or other advisory arrangements in connection therewith.

#### ***Methods of Analysis and Investment with Respect to Sixth Street Credit Market Strategies***

Sixth Street Credit Market Strategies focuses on the purchase of performing corporate credit and structured products. Credit Market Strategies sponsors and manages Sixth Street-managed CLOs (as defined below); Funds that invest predominantly in the CLO Equity (as defined below) of Sixth Street-managed CLOs; and SMAs and Funds that pursue investment strategies that include acquiring and holding interests in CLO Equity, investment and non-investment grade CLO Liabilities (as defined below), leveraged loans, second lien loans, high yield bonds and other structured or derivative products such as collateralized synthetic obligations, collateralized debt obligations or regulatory capital relief trades.

In pursuing its investment strategy, Sixth Street Credit Market Strategies invests, directly or indirectly, primarily in performing corporate credit and structured products, including by acquiring and holding:

- the most subordinated tranches of debt or equity, which tranches are typically one or more of the most subordinated interests entitled to the residual cash flows and are intended to be treated as equity for U.S. federal income tax purposes (“CLO Equity”), of Sixth Street-managed CLOs;
- the debt tranches of Sixth Street-managed CLOs;
- equity capital contributed directly or indirectly as collateral to a warehouse facility entered into in order to



aggregate assets prior to the closing of a CLO;

- CLO Equity of CLOs not managed by Sixth Street Credit Market Strategies or its affiliates (“Third-Party CLOs”);
- the debt tranches of Third-Party CLOs;
- loans, bonds, and other debt instruments; and
- other structured or derivative products such as collateralized synthetic obligations, collateralized debt obligations or regulatory capital relief trades

Sixth Street Credit Market Strategies aims to construct diversified portfolios of leveraged loans for Sixth Street-managed CLOs, while working to mitigate credit risk through diligent credit underwriting and active monitoring of existing positions. In addition, the Sixth Street-managed CLOs’ indentures include covenants to maintain certain asset ratings and industry concentrations, and also require ongoing compliance with over-collateralization and interest coverage tests.

In addition, there is expected to be a certain degree of overlap between the investment strategies pursued by certain Funds and Related Funds. Certain Funds are expected, in certain instances, to co-invest alongside other Funds or Related Funds, including in investments in which another Fund or Related Fund has an existing investment at the time of such Fund’s investment.

### ***Material Risks of Significant Investment Strategies***

The investment strategies described above, and other strategies that Funds pursue, involve a substantial degree of risk, and the Funds may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Fund’s offering documents and our representatives are available to discuss with potential investors the risks involved in the strategies that Funds pursue. Such material risks include those set forth below.

*Risks Relating to the Term of Investments.* The Funds (including in particular certain Funds which do not have a fixed term), expect to make investments in certain portfolio investments with a view toward a long-term holding period including, without limitation, loans with long-term maturities, certain loans or other investments with grace periods of several years, and other investments in non-marketable equity securities or illiquid assets (including assets acquired in connection with any loan or the enforcement of any security) and which may not have any realizable value for a significant period of time. As such, certain investments may need to be held for long periods of time prior to returning distributions to investors in any significant amount, and may need to be disposed of upon a dissolution of the Funds for less than their potential value. In addition, the Funds may face other restrictions on their ability to liquidate an investment in an underlying borrower or issuer to the extent that they hold a significant portion of a company’s equity or if they hold MNPI (as defined below) regarding that company.

*Disclosure of Information.* Certain investors will be subject to state public records, similar freedom of information or other laws, which may compel public disclosure of confidential information regarding a Fund, its investments and its investors, and the Fund may be required to disclose confidential information in connection with transactions. There has been a recent increase in the number of requests for contracts (including partnership agreements, subscription agreements and any side letters) that investors that are subject to such laws have in place with private investment funds, as well as offering and other materials related to such funds. The Funds may incur expenses in connection with responding to any such disclosure requests, even if the Funds ultimately succeed in asserting confidentiality for any requested documents and other materials. Moreover, notwithstanding the obligation that the investors will have pursuant to the Governing Documents to maintain the confidentiality of a Fund’s information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement agencies or otherwise. We may also, in certain circumstances, in an effort to protect against any such potential disclosure, withhold all or any part of the information we would otherwise provide to an investor.

Similarly, we may also withhold such information if we determine that disclosure to one or more investors could result in adverse consequences to a Fund, its general partner or its respective affiliates, or any current, former or prospective portfolio investment.

In addition, we will generally be permitted under the terms of the Governing Documents to disclose certain information relating to the Funds, including the identities and other information relating to the investors, as may be required by or desirable to comply with applicable laws or regulations or the rules of relevant governmental entities or regulatory bodies, or otherwise as we determine necessary or advisable in connection with a regulatory or similar examination. We will also generally be permitted to disclose such information to other investors (or prospective investors in the Funds or any Related Funds), and to certain third parties, including where it is necessary or desirable in connection with the making, management or disposition of any portfolio investment. We will generally seek to make any such disclosures on a confidential basis but there can be no assurances that the recipients of such information will comply with any applicable undertaking or duty to maintain such confidentiality (whether intentionally or inadvertently).

The public disclosure of any confidential information relating to a Fund, the investors or the Fund's investments may adversely affect the Fund and its investment activities or any investor.

*Counterparty Risk.* A number of the markets in which certain investments will be made by certain Funds are illiquid and transactions related thereto are often not "exchange-based," including "over-the-counter" or "interdealer" markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. The participants in such markets typically are not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes assets of certain Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing those Funds to suffer a loss. Such "counterparty risk" is accentuated for credit instruments, securities and/or contracts with longer maturities where events may intervene to prevent settlement or payoff.

*Limited Nature of Rating.* In general, the ratings issued by nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. These ratings may be used by certain Funds as initial criteria for the selection of securities for investments. Such ratings, however, are relative and subjective; they only evaluate the credit risk with respect to payment of principal and interest. Such ratings are not absolute standards of quality and they do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue to timely reflect subsequent events. Further, many such ratings do not represent any assessment of the likelihood that future prepayment experience will differ from prepayment assumptions or historical prepayment rates. Hence, such ratings will not address the possibility that prepayment rates higher or lower than anticipated by an investor may cause such investor to experience a lower than anticipated yield.

Additionally, for purposes of the foregoing paragraph, (i) the credit rating of any CLO shall refer to the credit rating assigned at the time such obligation was originally issued, and (ii) such credit rating shall not be adjusted to reflect any subsequent changes, including any credit rating downgrade or upgrade effected prior to the time we cause the portfolio investments to be invested in such obligation.

*Potential Lack of Diversification.* While diversification is generally an objective of the Funds, there is no assurance as to the degree of diversification that will actually be achieved in a Fund's investments. Notwithstanding any single investment limitation that may be contained in the Governing Documents of certain Funds, a substantial portion of the Fund's committed capital could be invested in a single portfolio investment, and a loss with respect to any single portfolio investment could therefore have a significant adverse effect on a Fund's returns. In addition, although the Governing Documents of certain Funds contain limitations with respect to the amount of capital that can be called from investors for specific purposes (such as investments) within a given timeframe (such as a fiscal year), there is generally no restriction on the amount of capital that Funds may invest in any given time frame (such as a fiscal year) and, therefore, certain Funds may make a significant portion of their investments during one or more concentrated periods of time. This may further increase the exposure of certain Funds to particular short term macro-economic trends or other events that would otherwise have had less of an impact on certain Funds had the Funds invested their capital over a longer period of time.

Co-Investment Vehicles formed for the purpose of pursuing a particular investment strategy or a particular transaction will be particularly exposed to the legal and financial risks associated with that strategy or transaction, as applicable, and generally will not be able to achieve a level of diversification comparable to the Funds. Even if a Fund achieves significant diversification, such diversification would not necessarily provide meaningful risk control and may reduce a Fund's profit potential.

*Investor Due Diligence and Ongoing Information Requests.* Due in part to the fact that prospective and/or existing investors may ask different questions and request different information (including pursuant to side letters or other contractual arrangements, or through an investor's participation on a Fund's advisory committee), we expect to provide certain information to one or more prospective and/or existing investors in a Fund that we do not provide, wholly or in part, to all prospective and/or other existing investors in that same Fund. Answers and additional information provided in response to such questions or requests may be limited, incomplete, or depend upon a specific context. Such answers and additional information are not integrated into the Governing Documents and will not be integrated into the periodic quarterly and annual reporting provided to investors. Prospective and existing investors may not rely on such answers or information in making their decision to subscribe for interests in a Fund. On the other hand, such answers and information may permit the recipient thereof to better evaluate the risks of a new investment in a Fund relative to prospective or existing investors who did not receive such answers and information. Similarly, the information provided to investors (or lack thereof) could inform decisions with respect to ongoing matters relating to a Fund, for example, the exercise of voting rights. With respect to certain Funds in particular, such ongoing matters also include elections by investors with respect to recycling and the termination of their commitment periods.

*SLX and Additional Regulated Fund Regulatory Considerations.* As a result of electing to be regulated as a business development company ("BDC") under the Investment Company Act, SLX is subject to certain regulatory and other considerations and obligations that impact its operations. The considerations described below with respect to SLX are also expected to similarly apply to any new Funds or Related Funds that are either registered investment companies or that similarly elect to be regulated as BDCs under the Investment Company Act ("Additional Regulated Funds").

Because the Funds may be deemed to be under common control with SLX or an Additional Regulated Fund, if the Funds were to participate in co-investments alongside SLX or an Additional Regulated Fund, such considerations may result in the Funds making, managing and/or disposing of investments differently than they would have absent such considerations. The exemptive relief order received by Sixth Street from the SEC permits SLX to co-invest with its non-Investment Company Act regulated affiliates, under certain circumstances and subject to enumerated conditions, which activity would otherwise be in violation of the Investment Company Act (the "Exemptive Relief Order"). Under the Exemptive Relief Order, SLX has the right to determine its level of participation in an investment or disposition opportunity that meets the above referenced circumstances and conditions before allocating any portion of such investment or disposition opportunity to its non-Investment Company Act regulated affiliates, including the Funds. A copy of the Exemptive Relief Order can be found at <https://www.sec.gov/rules/ic/2014/ic-31338.pdf>. While SLX has applied for amended co-investment exemptive relief that, if granted, would also extend to Additional Regulated Funds, there can be no guarantee that any such exemptive relief will be obtained or if obtained that it will be beneficial to the Funds.

In particular, where SLX or an Additional Regulated Fund is already invested in a target company, the Funds are expected to be restricted from pursuing transactions that would result in a Fund (alone or together with certain other Funds or Related Funds with which the Funds are permitted to co-invest) exercising control over the target company (for example, holding 25% or more of voting equity or a majority of board seats), and the same restrictions are also expected to be applicable to any Additional Regulated Funds. In addition, to the extent the Funds hold investments in the same issuer as SLX (or an Additional Regulated Fund) that were not acquired pursuant to the Exemptive Relief Order (or similar exemptive relief as may, in the future, be applicable to an Additional Regulated Fund), the Funds may be restricted in their ability to exercise remedies that would otherwise be available to them in the event such issuer were to become distressed, in particular if the Funds are invested in a different part of the company's capital structure relative to SLX or an Additional Regulated Fund.

*Co-Investment Warehousing and Syndication.* A Fund from time to time will acquire and temporarily set aside, or "warehouse," a portion of an investment opportunity in order to facilitate a co-investment by one or more affiliated or third-party co-investors. In such event, the Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, the Fund may bear

the entire portion of any break-up fee or other fees, costs, and expenses related to such investment, hold a larger than expected investment in such investment, or may realize lower than expected returns from such investment. The risk of a co-investment not being consummated generally would increase in the event an investment decreases in value during the warehousing period, potentially requiring the Fund to bear the losses in connection with the investment. A Fund will also bear the risk that any co-investors acquiring a portion of an investment after closing may acquire such interest on terms that may not reflect the then-current value of the investment. A Fund may also borrow to fund the portion of an investment that it intends to sell to co-investors and the Fund may bear the interest and other expenses relating to any such borrowing. We typically determine the cost of the co-investment, taking into account its cost to the relevant Fund plus the cost of capital. While we may also consider other factors to fairly and equitably reflect the value of the investment to the extent we determined appropriate, this may not result in charging the co-investors an amount that accurately reflects any appreciation in the value of the investment or appropriately compensates the Fund for the costs and risks incurred during the holding period.

*Third Party Involvement.* A Fund may co-invest with third parties through joint ventures or other entities and as part of a syndicate. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor, co-venturer or syndicate member may have financial, legal or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds or may be in a position to take (or block) action in a manner contrary to a Fund's investment objective. In addition, a Fund may in certain circumstances be liable for the actions of their third-party co-investors, co-venturers or syndicate members. In circumstances in which such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements or fees based on the value of assets managed.

*Litigation.* The Funds' general partners, management companies or their respective affiliates may be named as defendants in civil proceedings. The transactional nature of the business of the Funds exposes the Funds, their general partner, management companies and affiliates generally to the risk of third-party litigation. Any such litigation would likely have a negative financial impact on the Funds. For instance, the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Funds.

*Indemnification.* The Funds are generally required to indemnify us and certain other persons and entities, including our affiliates and other persons enumerated in the Funds' Governing Documents for liabilities incurred in connection with the affairs of the Funds. Such liabilities may be material and have an adverse effect on the returns to the investors. The indemnification obligations of the Funds would be payable from the assets of the Funds, including certain unused capital commitments of the investors, and the investors may be required to return certain amounts distributed to them to fund the indemnity obligations of the Funds. Under the Funds' Governing Documents, the requirement to return certain distributed amounts survives an investor's withdrawal from the Funds or transfer of an investor's interest in the Funds and the Funds' liquidation and termination. Furthermore, the Funds' Governing Documents will limit the circumstances under which our affiliates may be held liable to the Funds or their investors. As a result, investors would be expected to have a more limited right of action in certain cases than they would in the absence of such provisions in the Governing Documents.

Any insurance policies utilized by us to help mitigate the exposure of the Funds for any indemnifiable costs and liabilities may be subject to certain limitations and restrictions on payments. There is no guarantee that we will be able to collect on claims against such policies, including because claims with respect to one or more other Funds or Related Funds may negatively affect our ability to collect under such policies.

*Alternative Investment Vehicles.* If certain Funds encounter legal, tax, business, accounting, regulatory or other impediments to the making of a potential investment, or if having one or more investors hold a potential or existing investment through an entity other than the Funds would be more favorable to the Funds or any or all of the investors (including our affiliates) from a tax, legal, business, accounting, regulatory or other perspective, we may determine to establish one or more alternative investment vehicles to hold the investment and require any or all investor to be admitted to, and participate in one or more investments through, such alternative investment vehicles. We may require one or more investors to contribute a portion of their capital commitments or unused capital commitments to any alternative investment vehicle.

As a general matter, investors' consent will not be sought prior to their admission to alternative investment vehicles,

and specific notice of admission to, or participation in, investments through alternative investment vehicles is not required to be provided. In addition, while the Governing Documents of alternative investment vehicles will be subject to the requirements set forth in the Governing Documents of a Fund, the Governing Documents of alternative investments vehicles will not ordinarily be provided to the investors. Investors entering into a side letter that provides certain Governing Documents of alternative investment vehicles will be made available to such investors will only be entitled to such Governing Documents upon request.

Such alternative investment vehicles may result in additional costs being incurred in connection with the structuring and maintenance of such vehicles, which will be borne by the investors.

In addition, although we will seek to manage investor participation in such alternative investment vehicles with respect to ERISA considerations and intend to operate such vehicles so that their assets will not be considered “plan assets” under ERISA, managing such participation across numerous vehicles gives rise to significant complexities and investors investing through such alternative investment vehicles may be subject to certain risks.

Further, although alternative investment vehicles are generally required, pursuant to the terms of the Governing Documents, to have economic terms, conditions and management substantially identical (on a single investment basis, if applicable), to the extent practicable, to those of the relevant Funds, circumstances are expected to arise where certain terms of an alternative investment vehicle will differ from those of the relevant Funds. This could arise, for instance, in situations where, in order to monitor compliance with ERISA requirements and ensure that the assets of an alternative investment vehicle do not constitute “plan assets” under ERISA, certain terms may need to differ for alternative investment vehicles as compared to the relevant Funds.

*Competition for Investments.* The Funds compete for investment opportunities with various other entities or organizations that have similar investment objectives or strategies. Potential competitors include other investment funds, hedge funds, business development companies and financial investors and other public and private entities, including commercial banks, commercial financing companies and insurance companies investing directly or through affiliates. Certain of these entities possess competitive advantages over a Fund, including:

- greater financial, technical, marketing and other resources;
- higher risk tolerances;
- different risk assessments;
- lower return thresholds;
- lower cost of capital; and
- access to funding sources unavailable to a Fund and an ability to achieve synergistic cost savings in respect of an investment.

Such competitors may also have licenses or other regulatory authorizations, approvals or statuses in relevant jurisdictions that are not available to, or may not be obtained by, the Funds, and thus may allow such competitors to pursue investment opportunities not available to the Funds. In addition, a large number of private investment funds have been formed over the past several years, and many recently formed and existing private investment funds (including those with similar investment mandates or otherwise able to make investments of the type targeted by certain Funds) are able to call substantial amounts of unused capital commitments, resulting in a significant amount of capital available for investment in such opportunities.

The recent increased volume of new issuances in the high yield market may also expand a potential borrower or issuer’s access to capital, broadening the funding sources available to that company, and changes to laws or regulations applicable to commercial banks (*e.g.*, a relaxation or repeal of the Volcker Rule) may increase the type and size of investments able to be made by affected entities and their affiliates, and each of these may increase the competition certain Funds may experience in accessing investment opportunities. Funds may lose investment opportunities if they

do not match these competitors' pricing, terms and structures. In the alternative, if the Funds do match these competitors' pricing, terms and structures, they may experience decreased returns and increased risk of loss.

For a description of how we allocate investments among Funds that may compete for the same opportunities, see "*Item 11 – Allocation of Investment Opportunities.*"

*Force Majeure.* A Fund's investments may be susceptible to the effects of uncontrollable forces, including, without limitation, earthquakes, floods, hurricanes, tropical storms, fires, disease pandemics or other natural disasters, electricity shortages or other similar national or local emergencies, that are beyond the control of, and may not be easily foreseeable by a Fund or us.

*Climate Change.* The Funds may invest in companies that are located in areas which are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); sea level rise; increased polluting; and extreme temperatures. As a result of these physical impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to investments; indirect financial and operational impacts from disruptions to the operations of investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage, for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for the products and services of the investments; increased insurance claims and liabilities; increase in energy cost impacting operational returns; changes in the availability or quality of water or other natural resources on which the business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

*Availability of Insurance Against Certain Catastrophic Losses.* Certain losses of a catastrophic nature, such as those caused by wars, earthquakes, typhoons, disease pandemics, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risks policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, a Fund could lose both invested capital in and anticipated profits from the affected investments.

*Representation of Multiple Borrowers.* The Funds may from time to time seek to engage with more than one potential borrower in a process to assess financing options (e.g., the Funds may work with competing buyers seeking to finance a buyout or similar transaction in a competitive auction process). In such circumstances, Sixth Street may be required to establish various protocols and procedures, including potentially forming two or more teams of Sixth Street personnel dedicated to parallel investment processes and maintaining the confidentiality of competing borrower information. Such protocols and procedures may be costly or burdensome, and may limit or restrict the involvement of certain Sixth Street professionals in the Funds' investment that is ultimately consummated in circumstances in which their participation may have been materially beneficial to the Funds. In addition, failure by any Sixth Street professionals to comply with any applicable protocols or procedures, or to conduct themselves with respect to such transactions in a manner consistent with market and counterparty expectations, will expose the Funds and/or Sixth Street to significant business, reputational, legal and regulatory risk. Any such failure could prejudice the Funds' ability to participate in similar transactions in the future and could have a material adverse effect on the Funds.

*Indemnification of Service Providers and Depositors.* The Funds and/or companies in which the Funds hold portfolio investments may from time to time enter into transactions or arrangements with service providers and/or depositors in order to facilitate their purchase, management and disposition of investments, including non-performing loans, and may be required to indemnify such service providers and/or depositors for liabilities incurred in connection with such transactions or arrangements.

*Recourse to Assets of a Fund.* The assets of the Funds, including investments made by the Funds and any capital held thereunder, may be available to satisfy all liabilities and other obligations of the applicable Funds. If a Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not limited to any particular asset. Accordingly, a liability arising out of a single investment may adversely affect an investor's interest in the Fund's assets, even if that investor did not participate in that particular investment. Furthermore, the Funds may pledge their assets to secure borrowings, and we may pledge our right to call capital from investors in connection with the borrowings. There may be an imperfect alignment of the costs and risks borne, and the benefits received, by investors for Fund borrowing as a result of such pledges and the differing participations in the portfolio investments by investors.

Moreover, even without a pledge of assets, the Funds have the ability to enter into contractual arrangements, including equity commitment letters, certain pre-sale agreements, and other forms of credit support, and other contractual undertakings such as indemnification obligations, indemnification letters or similar or related arrangements (e.g., "bad boy guarantees" that upon the occurrence of certain bad acts such as unauthorized transfers of property or breaches of certain contractual covenants create liability and/or the ability of a counterparty to seek recourse to the assets of the Funds or its subsidiaries). Such arrangements and undertakings could subject the Funds to significant amounts of potential liability, and the Funds' entering into such arrangements and undertakings will generally not be subject to the same caps and limitations set forth in the Governing Documents as guarantees entered into by the Funds (including that the related liability may be in excess of aggregate unused capital commitments). As investors are generally not expected to be required to contribute capital to the Funds in excess of their unused capital commitments (including in connection with such arrangements and undertakings), the Funds may be required to have recourse to other Fund assets in order to satisfy any liability resulting from such arrangements and undertakings.

*Reputational Concerns.* A Fund may invest in certain types or categories of investments (for example, consumer loans (including auto loans and student loans), residential mortgages or litigation funding), or in sectors or geographies (for example, in gambling, healthcare, energy, agriculture or certain other critical industries or supply chains, or in developing economies or jurisdictions which are, or later become, affected by wars, natural disasters or other adverse events), which give rise to a material risk of reputational harm being suffered by the holder of the investment in circumstances in which the investments are distressed, in default or otherwise require actions to be taken to enforce or protect the value of the investment (including disposing of the investment). For example, in our experience such investments and the circumstances surrounding them may be subject to heightened political or media influence, or otherwise the subject of public scrutiny and opinion.

In such circumstances, such investments may be difficult to dispose of or realize due to the absence of willing purchasers or other counterparties. In addition, in order to mitigate the risk of reputational harm being suffered by us, a Fund or any of its investor, we may choose to delay the enforcement of, or not to enforce, default or other remedies and/or foreclose on or dispose of such investments held by the Fund, even where delaying or failing to take such action may (or is in fact likely to) result in the Fund realizing lower overall returns on the relevant investments, or realizing such returns more slowly.

Conversely, taking such actions could harm our, the Fund's or an investor's reputation, which in turn could adversely affect our access to investment opportunities and our ability to consummate transactions on behalf of the Fund.

*Structure of Fund-Level Borrowing.* As described below, the Funds typically utilize fund-level indebtedness. We will determine the credit facility's administrative agent, lenders and terms (and any amendment, extension, refinancing, replacement or termination of the credit facility) without being required to seek the consent of the investors or a Fund's advisory committee. The terms of which credit facilities will generally allow revolving borrowings up to a specified principal amount that will be determined based in part on the relevant Fund's aggregate capital commitments, the creditworthiness of investors, the dispersion of the creditworthy investors, and the exercise of the lender's discretion. In particular, lenders may provide the Funds varying levels of credit, or no credit at all, for different investors (including, increasingly, as a result of certain investors asserting legal or policy limitations or sovereign immunity concerns that prevent them providing sufficient information to lenders or otherwise honoring capital contributions to a lender), but all investors would participate in the benefits and risks associated with the credit facility's use as described herein. In the event that lenders provide limited or no credit to a significant number of investors (or investors accounting for a significant proportion of the capital commitments to the relevant Fund), the Fund may not have access to any leverage

at all and, therefore, the Fund may not achieve the same rates of returns or access the same investments, and we may not be able to manage the Fund's cash flows in the same manner, as we would have done had leverage been available.

Amounts borrowed under the credit facility are expected to be secured by pledges of our right to call capital from, and the right of a Fund to call capital commitments and to receive amounts funded by, investors. The Governing Documents generally permit us to make such pledges, subject to the requirement that we notify investors of any pledge at the time we enter into such credit facility. The credit facility may also be secured by other collateral, including the Fund's investments and collateral accounts into which the payment of capital contributions are made, and any investor's claim against the Fund would likely be subordinate to the Fund's obligations under the credit facility.

*Subscription Facility, Other Financings and Cross-Default Risk.* Certain Funds utilize indebtedness or other asset-level financing. This indebtedness or financing may be structured in a way that

- Funds and/or Co-Investment Vehicles are jointly responsible on a cross-collateralized basis for the repayment of the indebtedness or financing; and
- the capital commitments of the investors in a Fund are pledged to secure indebtedness or financing obtained for the benefit of other Funds or Co-Investment Vehicles.

For example, a Fund may borrow amounts under its subscription facility, which would in turn be applied to fund the portion of an investment allocable to another Fund or Co-Investment Vehicle, provided that such other Fund or Co-Investment Vehicle would agree to repay such amounts upon receipt of capital contributions by its investors. To the extent that providers of such indebtedness or financing require that it be secured by, or have the credit support of, a particular Fund, investors may be called upon to fund their entire capital commitment to repay indebtedness (including with respect to management fees), which may not be indebtedness of the Fund in which such investor is a limited partner, and the failure of other investors to honor their capital commitments would result in an investor's payments exceeding its pro rata share of the indebtedness.

A credit facility agreement may contain other terms that restrict the activities of the Funds and the investors or impose additional obligations on them. For example, a credit facility may impose restrictions on our ability to consent to the transfer of an investor's interest in a Fund. Further, we may request that investors provide a Fund's lenders or other financing sources with certain financial information and other documentation related to the credit facility.

In addition, a Fund may be subject to cross-default risk with respect to other parties in connection with repurchase agreements or other asset financings to which they are a party and, from time to time, with respect to other investment-related obligations where one Fund faces a third party.

The Funds intend, where appropriate, to enter into back-to-back agreements with such other parties in respect of any such credit support.

*Illiquidity; Market for Fund Investments.* We expect the Funds to invest in securities, bank debt and other claims, and other assets that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and a Fund at times will not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. In addition, a Fund may face other restrictions on its ability to liquidate a portfolio investment to the extent that it holds a significant portion of a company's instruments or if it or an affiliate holds MNPI regarding that company. The sale of restricted and illiquid assets often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. There can be no assurance that a Fund will be able to dispose of its investments at the price and at the time it wishes to do so.

*Uncertainty Regarding Investments.* Although we dedicate substantial time and resources to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis and/or on the basis of limited or imperfect information in order to take advantage of available investment opportunities, and may require us to rely on limited resources available to us, including information provided by the target of the investment and third-party consultants, legal advisors, accountants and



investment banks. As a result, it is uncertain whether the due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, as we may not have access to the detailed information necessary for a full evaluation of an investment opportunity. We also cannot be certain that the due diligence investigation will result in investments being successful.

Furthermore, our investment analyses and decisions may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities, in particular in times of significant market stress or dislocation. In such cases, the information available to us at the time of making an investment decision may be limited, and we may not have access to detailed information regarding investments. Therefore, no assurance can be given that we will have knowledge of all circumstances that may adversely affect an investment at the time the investment decision is made, and a Fund may make investments which it would not have made if more extensive due diligence had been undertaken.

*Reliance on Our Management and Personnel.* The success of a Fund will depend in large part upon the skill and expertise of a Fund's general partner, our professionals and those of our affiliates, and we cannot assure that any individual professional will continue to be associated with a Fund or that replacements will perform well. There is competition among alternative asset management firms, financial institutions, hedge funds, private equity firms, investment managers, and other industry participants for hiring and retaining qualified investment professionals. Should any of these professionals be prohibited from working for us in the jurisdiction in which they are currently based and be required to cease their association with us (whether due to changes in immigration laws or policies or otherwise), join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of a Fund, the Fund's performance could be adversely affected.

The ability to recruit, retain and motivate such professionals is dependent in part on the ability of the Funds to offer attractive incentive opportunities. The tax reform bill known as the Tax Cuts & Jobs Act increased the holding period required in order for professionals to treat carried interest as capital gain (to the extent the carried interest would otherwise be so treated absent the holding period requirement). Although the character of the carried interest attributable to a Fund may in large part be treated as ordinary income regardless of the holding period requirement, in some cases the holding period requirements may be relevant and therefore may increase the amount of taxes such professionals would be required to pay with respect to their carried interest. In addition, legislation in the United Kingdom generally has the effect of taxing carried interest arising from the Funds at a higher rate than the general capital gains tax rate, even if relevant holding period and other requirements for capital gain treatment are satisfied. If additional or similar legislation were to be enacted in the United States and/or in any other applicable jurisdiction, our ability to offer such attractive incentive opportunities would be adversely affected.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by our employees, employees of service providers to the Funds and/or their respective affiliates could cause significant losses to the Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential information or MNPI, which could result in litigation or serious financial harm and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to the Funds. We have controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that we will be able to identify or prevent such misconduct.

*Risk Management; Operational Controls.* Although we will seek to manage investment risks by employing appropriate due diligence, oversight, analysis and pricing models both prior to and during the Funds' investment in a portfolio investment, there is no assurance that these methods will identify all relevant considerations and risks. Further, the operational controls and risk management techniques used by us and a Fund's general partner involve third parties over whom we and such general partner do not exercise control, including outsourced providers of trustee services, collateral administration, fund administration and custody services. The proper operation of a Fund and safekeeping of its assets depend on the performance and financial wherewithal of these third parties, as well as the continued operation and security of their systems. The operational controls and risk management techniques we use also necessarily include subjective elements, making the judgment and discretion of our investment and "Federation" professionals (*i.e.*, control-side personnel), fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for us to control for risk, which in turn increases the likelihood

of unpredictable results with respect to a portfolio investment and a Fund's overall performance. In addition, the Funds' structure and terms are complex and may create certain operational challenges and increase the likelihood of operational errors.

An investment in the Funds can involve operational risks arising from such factors as processing errors, human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel and errors caused by third parties. While Sixth Street seeks to minimize such events through controls and oversight, the Funds' terms and structure are complex and there may still be failures that could cause losses to the Funds and/or to individual investors.

In particular following the May 1, 2020 completion of the agreement between Sixth Street and TPG (as defined below) to become independent, unaffiliated businesses, Sixth Street has assumed exclusive responsibility for certain operations, systems and processes which were previously provided by TPG (and will continue to assume responsibility for additional matters as transitional services cease to be provided by TPG). In order to successfully execute relevant operations, systems and processes and effect necessary improvements or additions to our existing systems, where necessary, we are highly dependent on the skill and ability of our "Federation" and other professionals and there can be no assurance that we will be able to successfully implement such operations, systems and processes and/or identify and implement any required improvements or additions.

*Cybersecurity Risk.* Our information and technology systems and those of our affiliates, portfolio investments and the Funds' third party service providers are, just as with other companies, vulnerable to potential damage or interruption from factors including, but not limited to, computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, employee's and/or contractors' failure to follow procedures, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we have implemented and the Funds' third-party service providers likely will have implemented, various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Sixth Street and/or the Funds to make a significant investment to remedy the effects of any such failures (including as a result of costs associated with forensic analysis of the origin and scope of the breach). With respect to third-party service providers specifically, although we expect to evaluate the information and technology systems put in place by them, we do not control such systems and are reliant on such third-party service providers. These third-party service providers may have limited indemnification obligations to us, the Funds and the portfolio investments in which the Funds have investments, each of which could therefore be adversely impacted as a result. The foregoing considerations could also apply with respect to persons in which the Funds hold portfolio investments.

Additionally, investments of the Funds and other Sixth Street entities have involved and may in the future involve companies that have experienced cybersecurity incidents and that, given the rise of such incidents, may become involved in future cybersecurity incidents. Cybersecurity incidents also could affect other Sixth Street and/or affiliated entities. Such incidents are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Such cybersecurity incidents have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future (including as a consequence of COVID-19 (as defined below) and the increased frequency of virtual working arrangements).

A cybersecurity breach may be intentional or unintentional and it may cause the Funds to lose proprietary information, suffer data corruption or expose information to misuse. For instance, there have been a number of recent highly publicized cases involving the dissemination, theft and destruction of corporate information or other assets as a result of actions by a variety of third parties, and there have also been several publicized cases where hackers have requested ransom payments in exchange for not disclosing client or customer information.

Sensitive information which may be breached in a cybersecurity incident includes, without limitation, information regarding the investors and the Funds' investment activities. Breaches of our third-party service providers or portfolio investments may also subject the Funds to many of the same risks associated with direct cybersecurity breaches. If such incidents were to materialize, they could (i) lead to losses of sensitive information or capabilities essential to our, the Funds' and/or the portfolio investment's operations, (ii) have a material adverse effect on our, the Funds' and/or

the portfolio investment's reputations, financial positions, results of operations or cash flows, (iii) lead to financial losses from remedial actions, loss of business or potential liability, or (iv) lead to the disclosure of investors' personal information or other sensitive information.

The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our, the Funds' and/or a portfolio investment's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information of any investor (and, if applicable, its underlying investors or beneficial owners and/or control persons) or information relating to any portfolio investment. Such a failure could result in reputational harm to us, the Funds and/or the affected portfolio investment, subject any such entity and its affiliates to legal claims, regulatory action or enforcement arising out of applicable privacy and other laws, adverse publicity, and otherwise adversely affect its business and financial performance. In addition, cybersecurity incidents such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. Further, cybersecurity risks also require us to undertake ongoing preventative measures and to incur compliance costs.

Moreover, the SEC's Division of Examinations has issued risk alerts regarding cybersecurity and the prevention of ransomware attacks, which remain one of its key examination priorities. In early 2022, the Securities and Exchange Commission voted to propose rules related to cybersecurity risk management for registered investment advisers, registered investment companies and business development companies, as well as amendments to certain rules that govern investment adviser and fund disclosures. The proposed rules would require advisers and funds to adopt and implement written cybersecurity policies and procedures designed to address cybersecurity risks that could harm advisory clients and fund investors. The proposed rules also would require advisers to report significant cybersecurity incidents affecting the adviser or its fund or private fund clients to the SEC on a new confidential form. If adopted, even with modification, these proposed rules would be expected to significantly increase compliance burdens, thereby increasing the costs and expenses charged to the Fund and their investors. They could also increase the risk of our exposure and the exposure of the Funds to additional regulatory scrutiny and penalties for noncompliance or perceived noncompliance, which in turn would be expected to adversely (potentially materially) affect our and the Funds' reputation, and to negatively impact the Funds in conducting their business.

*Dependency on Information Systems and System Failures.* As described in "Risk Management; Operational Controls" and "Cybersecurity Risk," the Funds are highly dependent on the communications and information systems of Sixth Street, its affiliates and third parties. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service provider, could cause delays or other problems in the Funds' activities. The Funds' financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond Sixth Street's control and adversely affect the Funds' business. For example, there could be sudden electrical or telecommunications outages; natural disasters such as earthquakes, tornadoes and hurricanes; disease pandemics; events arising from local or larger scale political or social matters, including terrorist acts; cyber-attacks, including that electronic communications may be modified, corrupted or contain viruses or malicious code; and electronic communications may not be compatible with our other internal, third-party service provider or investor electronic systems. These events, in turn, could have a material adverse effect on the Funds' operating results and negatively affect the Funds' ability to make distributions to investors. Public health crises and other natural disasters can also cause a failure or interruption to the Funds' normal business operations as a result of temporary or permanent incapacity of our personnel, as well as a result of restrictions on travel, quarantines or other measures implemented in order to preserve the health and safety of our personnel. These measures may negatively impact the ability of our personnel, service providers and/or counterparties of the Funds from engaging in normal business activities, including by limiting the ability of the Funds to execute trades in a timely and effective manner. In addition, such circumstances could result in Sixth Street personnel and service providers having no or reduced access to systems and equipment used to conduct the business of the Funds, and those systems and equipment that are available may be less efficient and/or less secure.

*Trade Errors.* On occasion, errors may occur with respect to trades executed on behalf of the Funds. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, when the wrong quantity is purchased or sold or when a security is sold instead of purchased or vice versa due to a manual input error. Trade errors frequently result in losses but may occasionally result in gains. We will endeavor to detect trade

errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker, we could endeavor to recover any losses associated with such error from such third party. Any losses will be borne by (and any gains will benefit) the Funds.

*Confidential or Material Non-Public Information.* Sixth Street funds and investment platforms regularly obtain non-public information regarding various target companies and other investment opportunities. In general, we impute non-public information received by one investment team within Sixth Street to all other investment professionals. As Sixth Street and affiliated professionals may acquire confidential or material nonpublic information (“MNPI”), the Funds may be restricted from initiating transactions in certain securities, including, as a result of the receipt of MNPI by another investment team or professional within Sixth Street.

Non-public information received by one investment team within Sixth Street is likely to restrict trading on a firm-wide basis. As a result, the Funds may, in certain circumstances, decline to receive non-public information regarding a company.

Further, non-disclosure agreements associated with transactions (including transactions entered into by other Funds or Related Funds) often contain contractual trading restrictions, including standstill and non-circumvent provisions, which could prevent a Fund from acquiring or disposing of investments in an issuer, potentially for extended periods. Such agreements could also restrict the Fund’s ability to share certain information with investors relevant to the Fund or its portfolio investments.

Separately, certain counterparties may disqualify the Funds from transacting with such counterparties or their affiliates as a result of the activities of other businesses of Sixth Street and its affiliates.

In addition, during a transitional period, despite taking certain steps designed to facilitate physical and electronic separation, Sixth Street and TPG will continue to occupy certain shared physical premises and Sixth Street or its affiliates will utilize certain limited information technology services provided by TPG. As a result of these arrangements, and despite the implementation of a permanent information barrier between Sixth Street and TPG, there is a heightened risk that Sixth Street or TPG (or certain of their respective affiliates) may be imputed with non-public information received by the other. Although TPG is not affiliated with Sixth Street, many of the considerations described above apply with respect to the information barrier in place between Sixth Street and TPG, in particular that in certain circumstances the Funds may face restrictions on their activities as a result of non-public or otherwise confidential information received from TPG.

*Use of Analytics Tools.* The Funds may make use of computer technology and quantitative analysis, including artificial intelligence, machine learning, predictive and prescriptive analytics, automated workflows and “big data” infrastructure, developed by us or third-party service providers to inform and execute the Funds’ investment strategy, operations, risk management and other control functions, and our investment decisions may be informed by quantitative models. Such technology, analysis and models (the “Analytic Tools”) are highly complex and subject to limitations and risks that have the potential to adversely impact the Funds.

Analytic Tools employed by the Funds are expected to be highly reliant on the collection and analysis of large amounts of data from sources within Sixth Street as well as from third-party sources. It is not possible or practicable to incorporate all relevant data into the Analytic Tools, including because certain relevant data may be unavailable, unknown to us, unduly difficult or expensive to collect, clean or incorporate and/or change over time. Similarly, data actually utilized will unavoidably contain a degree of inaccuracies and errors and may be incomplete or otherwise inadequate or flawed, which could degrade the effectiveness of the Analytic Tools. Analytic Tools themselves are also expected to be subject to errors, omissions, imperfections and malfunctions which are often difficult to detect and resolve, including in circumstances where the ability to independently test or monitor the Analytic Tools is limited. The ability to identify and correct any such errors will depend on the diligence and expertise of particular employees and/or third-party service providers, and even where errors are identified we or a third-party service provider may determine not to correct such errors, including where it is determined (possibly incorrectly) that those errors are immaterial. The development, use and maintenance of Analytic Tools require complex determinations as to which data to gather, what subset of that data a particular Analytic Tool will incorporate, the tasks to which each Analytic Tool will be applied and how to interpret, apply, test and monitor the functioning and results of analyses involving such data, each of which involve the exercise of significant subjective judgment, the exercise of which is subject to

significant risk of error.

The use of Analytic Tools presents certain regulatory and other risks, including that third-party service providers will provide MNPI to the Funds. If MNPI is acquired by the Funds or its affiliated professionals, the Funds may be restricted from transacting in certain securities.

The Analytic Tools are both complex and proprietary, and we do not expect to provide information to investors that would permit such investors to monitor the development and application of Analytic Tools. We expect to license or otherwise use products developed and maintained by third-party service providers whether on a standalone basis, in a manner customized for the use and benefit of the Funds and/or Related Funds or as may be incorporated in proprietary software and other technologies developed by us. Although we conduct diligence on third-party service providers and such relationships will be governed by the terms of their respective engagements, we will not control the manner in which third-party products are developed or maintained. As a result, the performance of the Analytic Tools is expected to be highly dependent on the services of third parties, and any failure or interruption of those services, including due to service or technology interruptions, deterioration of service quality or termination of agreements, could adversely impact the performance of the Analytic Tools on which the Funds rely.

While a Fund is expected to bear its *pro rata* share of the costs and expenses of developing and maintaining Analytic Tools used or anticipated to be used in connection with the Funds' investment activities or operations, including the fees, costs and expenses of any third-party data sources or service providers, the Analytic Tools will generally not be the property of the Fund. Further, we and our third-party service providers may use certain data generated from a Fund's activities, including with respect to portfolio investments, to improve the Analytic Tools, which improvements may benefit us or such third-party service providers, but not the Fund.

*Default of Borrowers.* Loans that the Funds will hold directly or indirectly are subject to credit, liquidity and interest rate risk. In the event of any default on the Funds' direct or indirect investments in a debt obligation by the borrower, the Funds will bear a risk of loss of principal and accrued interest on the debt obligation, which could have a material adverse effect on the Funds' direct or indirect investments and results of operations. An investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. Credit risks associated with the investments include (among others): (i) the possibility that earnings of a borrower may be insufficient to meet its debt service obligations; (ii) a borrower's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of a borrower during periods of rising interest rates and economic downturn.

A defaulted investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted investment, and significant costs might be incurred by the Funds. In addition, the liquidity in defaulted loans may also be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon, which would adversely affect the value of the Funds' investment portfolio.

*Borrower Fraud.* Of paramount concern in purchasing, originating or holding loans is the possibility of material misrepresentation or omission on the part of borrowers. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of a Fund or affiliates to perfect or effectuate a lien on the collateral securing the loan. We rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness.

*Reliance on Management of Portfolio Investments.* We anticipate that investments (whether debt or equity) made by a Fund will generally be non-controlling investments, meaning the Fund will not be in a position to control the management, operation and strategic decision-making of the companies they invest in. As a result, a Fund will be subject to the risk that a portfolio investment it does not control, or in which it does not have a majority ownership position, may make business decisions with which it disagrees, and the equity holders and management of such a portfolio investment may take risks or otherwise act in ways that are adverse to the Fund's interest. Due to the lack of liquidity for the debt and equity investments that the Fund will typically hold in companies in which it makes

portfolio investments, the Fund may not be able to dispose of their investments in the event that they disagree with the actions of a portfolio investment, and may therefore suffer a decrease in the value of their investments.

In particular, instances of fraud, intentional breaches and other deceptive practices committed by the management teams of companies in which a Fund holds a portfolio investment could materially adversely affect the valuation of a Fund's investments. Furthermore, under certain circumstances, collateral securing an investment may be disposed of, released or otherwise hypothecated without the consent of a Fund, or a Fund's security interest may be unperfected for a variety of reasons, including the failure to make required filings by lenders or a portfolio investment. As a result, a Fund may not have priority over other creditors or recourse to assets as anticipated and relied upon by the Funds to protect the value of their investment.

*Interest Rate Risks.* Certain Funds have direct and indirect exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of the Fund. Over any defined period of time, the Fund's interest-bearing assets may be more sensitive to changes in market interest rates than the Fund's interest-earning liabilities, or vice versa. Factors that affect market interest rates include:

- inflation;
- slow or stagnant economic growth or recession;
- unemployment;
- money supply and the monetary policies of the Board of Governors of the U.S. Federal Reserve System, the European Central Bank, other central banks of the countries in which the Funds invest and other monetary system participants;
- the actions of other market participants;
- international disorders; and
- instability in domestic and foreign financial markets.

We expect that a Fund will periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, the Fund may not be able to manage this risk effectively. If a Fund is unable to manage interest rate risk effectively, the Fund's performance could be adversely affected.

*Hedging.* Certain Funds utilize financial instruments, including derivative instruments such as futures, forwards, options, total return swaps, broad index swaps, basket swaps, caps, floors, collars and futures contracts, in order to attempt to:

- protect against possible changes in the market value of a Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates;
- protect a Fund's unrealized gains in the value of a Fund's investment portfolio;
- facilitate the sale of any such investments;
- enhance or preserve returns, spreads or gains on any investment in a Fund's portfolios or to enhance or obtain investment exposure;
- hedge the interest rate or currency exchange rate on any of a Fund's liabilities or assets;
- protect against any increase in the price of any securities a Fund anticipates investing in at a later date; or

- for any other reason that we deem appropriate.

While a Fund may enter into hedging transactions, including to protect against declines in the value of investments or capital commitments as a result of fluctuations in currency exchange rates, there are no assurances that hedges against a particular change or event will be available on acceptable terms, or that any attempt to hedge will be made or be successful.

The success of a Fund's hedging strategy will depend, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Because the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy will also be subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Fund may enter into these transactions to seek to reduce risk, it is possible that such transactions would result in a poorer overall performance for a Fund than if it had not engaged in such hedging transactions. For a variety of reasons, we at times will not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. We may be unable to or may not hedge against a particular risk when we do not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or when we do not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Fund's portfolio holdings. In addition, although such hedging transactions may hedge economic risks, they may not be effective hedges for tax purposes. For example, the tax character of the gain or loss on the hedging transaction may differ from the character of the gain or loss on the investment, or the timing of the gain or loss for tax purposes may differ between the hedging transaction and the investment. Changes to the regulations applicable to the financial instruments a Fund uses to accomplish its hedging strategy, including the CFTC's rules on position limits for derivatives, could limit the effectiveness of that strategy or require more onerous reporting. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Fund's portfolio holdings.

In addition, certain instruments entered into by a Fund may seek to hedge multiple portfolio investments, or the Fund's portfolio as a whole. Because under certain circumstances investors may participate in investments in different proportions, it may not be possible to precisely allocate the costs of such hedges among the investors. Although we expect to allocate such costs among investors using one or more allocation methodologies we determine to be reasonable, there can be no assurance that such methodologies will not benefit one group of investors relative to another.

*Security Risks.* A component of the Funds' determination of the desirability of originating any loan or making a given investment will relate to the estimated residual or recovery value of such loan or investment in the event of the insolvency of the borrower or issuer. This residual or recovery value will be driven primarily by the value of the anticipated future cash flows of the borrower's business and by the value of the underlying assets constituting the collateral for such loan or investment. The value of collateral can be extremely difficult to predict as in most circumstances market quotations and third party pricing information may not be available. If the recovery value of the collateral associated with the loans in which the Funds invest decreases or is materially and adversely worse than expected by the Funds, such a decrease or deficiency may affect the value of the investments made by the Funds.

The Funds may seek to obtain and rely on structural, covenant and other contractual protections with respect to the terms of their investment as they determine is reasonable and commensurate with risks inherent in the applicable loan origination and debt markets. There can be no assurance that such protections will be effective and in particular, such protections are subject to the possibility of material misrepresentation or omission, fraud or breach of covenant by borrowers, issuers or credit support providers. Such actions may materially adversely affect the valuation of any investment or the valuation of collateral securing any investment or the Funds' ability to enforce on any security.

The collateral and security arrangements under a loan or investment which the Funds have originated or in which they have invested may not have been properly created or perfected, or may be subject to other legal or regulatory restrictions, which may restrict the giving of collateral or security by a borrower under a loan, such as, for example, thin capitalization, over-indebtedness, financial assistance and corporate benefit requirements. There can be no assurances that collateral structures employed by the Funds will be effective before the courts of relevant jurisdictions

in which collateral is located. If loans in which the Funds invest do not benefit from the expected collateral or security arrangements this may affect the value of the investments made by the Funds.

If a default were to occur in relation to a loan in which the Funds have invested, and the Funds exercise their rights to enforce the collateral or security arrangements that support the loan, the value of recoveries under those arrangements may be smaller than the value of the Funds' investment in the loan, whether due to external factors such as changes in the market for the assets to which the security or collateral relates, general economic conditions or otherwise.

The terms of the loans that the Funds originate or in which the Funds invest may restrict the Funds from bringing an enforcement action against the relevant borrower or issuer until a prescribed period after a default by that borrower or issuer has elapsed. The financial strength of the borrower or issuer may, however, continue to deteriorate during this standstill period, thereby potentially affecting the Funds' ability to recover all or any of their investment.

*Incurrence of Additional Debt or Equity Securities.* Borrowers or issuers of any portfolio investment may have, or may be permitted to incur, other debt, or issue other equity securities that rank equally with, or senior to, the Funds' investments. By their terms, those instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which the Funds are entitled to receive payments in respect of their investments. These debt instruments would usually prohibit the borrower or issuer of any portfolio investment from paying interest on or repaying the Funds' investments in the event and during the continuance of a default under the debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a borrower or issuer of any portfolio investment, holders of securities ranking senior to the Funds' investment in that borrower or issuer typically would be entitled to receive payment in full before the Funds receive any distribution in respect of their investment. After repaying those holders, the borrower or issuer of any portfolio investment may not have any remaining assets to use to repay its obligation to the Funds. In the case of securities ranking equally with the Funds' investments, the Funds will have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant borrower or issuer of any portfolio investment.

The rights the Funds may have with respect to the collateral securing any junior priority loans they make to the relevant borrower or issuer of a portfolio investment may also be limited pursuant to the terms of one or more intercreditor agreements that the Funds enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that senior obligations are outstanding, the Funds may forfeit certain rights with respect to the collateral to the holders of the senior obligations. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of those enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and the right to waive past defaults under collateral documents. The Funds may not have the ability to control or direct such actions, even if as a result their rights as junior lenders are adversely affected.

*Contractual Rights.* The investments contemplated by certain Funds encompass, *inter alia*, originating and advancing loans, entering into sub-participations, purchasing loans and loan receivables or debt securities through one or more structures (including arrangements which may involve fronting banks). The contractual rights of the Funds in relation to the underlying borrower or issuer may therefore vary considerably across investments. Whereas in some structures, the Funds will acquire all of the rights and obligations relating to the loan or other instrument and be entitled to exercise these rights directly against the borrower or issuer, other structures and arrangements may not afford the Funds such rights or will only afford such rights through an intermediary or other counterparty.

Accordingly, the contractual rights acquired by the Funds may vary considerably and the Funds may be required to adopt particular contractual arrangements and structures in order to satisfy the legal and regulatory requirements of a particular jurisdiction.

A purchaser by way of transfer or assignment of a loan typically acquires all the rights and obligations of the assigning institution, becomes a lender under the credit agreement with respect to the debt obligation and has a direct contractual relationship with the borrower. However, for regulatory reasons, a purchaser may be restricted from extending the term of the acquired loan or restructuring the terms and conditions of the acquired loan.



In a sub-participation arrangement, the Funds will gain an economic exposure to a loan or group of loans without becoming a lender of record. In these circumstances, a third party, such as a loan trading desk at a financial institution, will hold the loan as the lender of record and may retain the voting rights in respect of the loan. This typically results in a contractual relationship only with the lender which is participating out its interest under the loan, rather than with the borrower. On the acquisition of a sub-participation arrangement, the Funds will generally not have a right to enforce compliance with the terms of the loan agreement directly against the borrower, and will be reliant on the lender which is participating out its interest under the loan. As a result, the Funds will assume credit risk in relation to both the borrower and the entity which is sub-participating its interest under the loan.

*Bankruptcy and Insolvency Risks.* Many of the events within a bankruptcy or insolvency case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy or insolvency court would not approve actions which may be contrary to the interests of a Fund. Furthermore, there are instances in which creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor or, are regarded as shareholders of the debtor. Generally, the duration of a bankruptcy or insolvency case depends, inter alia, on the applicable law in the jurisdiction of the debtor and can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy or insolvency court. This process can involve substantial legal, professional and administrative costs to the company and a Fund; it may be subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. The debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental value. Such investments can result in a total loss of principal.

The value of the investments held by a Fund may be impacted by various laws enacted for the protection of creditors in the jurisdictions of incorporation of the borrowers thereunder and, to the extent different, the jurisdictions from which the borrowers conduct their business and in which they hold their assets, which may adversely affect such borrowers' abilities to make payment on a full or timely basis, or the Funds' recovery in a restructuring or insolvency. In particular, a number of jurisdictions in which certain Funds may invest operate unpredictable insolvency regimes that may differ substantially from those in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. The insolvency regimes applicable in such jurisdictions result in a corresponding variability of recovery rates for senior loans, high-yield bonds and other debt obligations originated, purchased or issued in such jurisdictions, which may materially delay recovery by the Fund of amounts owed by insolvent borrowers or issuers subject to such regimes.

A Fund may invest in or extend loans to companies that have filed for protection under relevant bankruptcy or insolvency laws, or that may seek to reorganize under the laws of the applicable jurisdictions, and may be adversely affected if such companies' reorganization efforts fail. In certain developing countries, although bankruptcy or insolvency laws have been enacted, the process for reorganization remains highly uncertain.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Funds' influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

We may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of a Fund's positions as creditors or equity holders. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If we conclude that our obligations owed to the other parties as a committee or group member conflict with our duties owed to a Fund, we may resign from such committee or group, and the Fund may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if the Fund is represented on a creditors' committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in such company while it continues to be represented on such committee or group.

A Fund may purchase creditor claims subsequent to the commencement of a bankruptcy or insolvency case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy or insolvency court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser. In addition, under certain circumstances, a bankruptcy or insolvency court could reclaim a payment to a Fund's distribution to its investors if the court determines that the payment or distribution is a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy or insolvency laws.

*Lender Liability and Equitable Subordination.* In recent years, a number of jurisdictions in which certain Funds may invest have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively referred to as "lender liability". Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders.

In addition, in many jurisdictions (including those in which certain Funds may invest) if a lender (a) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (d) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). A Fund does not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of debt obligations and certain Funds' focus on "active management" of their investments, such Funds cannot provide assurance that these claims will not arise in certain jurisdictions or that they will not be subject to significant liability if a claim of this type arises. A Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor that are held by the Fund should be equitably subordinated.

*Contingent Liabilities.* From time to time, a Fund expects to incur contingent liabilities in connection with an investment. For example, a Fund may enter into agreements pursuant to which they agree to assume responsibility for default risk presented by a third party, or may enter into agreements through which third parties offer default protection to the Fund. In connection with the disposition of a portfolio investment, a Fund may be required to make representations about the business and financial affairs of a company typically made in connection with the sale of assets or a business, and may be required to indemnify the purchasers of such investment to the extent such representations are inaccurate. A Fund may incur numerous other types of contingent liabilities, and there can be no assurance that a Fund will adequately reserve for its contingent liabilities or that such liabilities will not have an adverse effect on the Fund.

*Litigation on Acquisition and Disposition of Investments.* Litigation may be commenced with respect to an investment, including in particular property, acquired by the Funds in relation to activities that took place prior to the Funds' acquisition of such investment, or in relation to the prior owner of the investment.

In connection with the disposition of an investment, the Funds may be required to make representations about the business, financial affairs and other aspects of such investment, such as regulatory matters, intellectual property, tax liabilities, insurance coverage and litigation. The Funds also may be required to indemnify counterparties for losses related to the inaccuracy of any representations and warranties and other agreed upon liabilities. Counterparties may sue the Funds under various theories, including breach of contract and tort, for losses they suffer. The Funds may book contingent liabilities on their financial statements, or create cash reserves or escrow accounts, at the time of sale to account for any potential liabilities, but these may be insufficient. If any cash reserves are insufficient to cover realized losses, the Funds' investors may be required to return amounts distributed to them from the Funds to cover liabilities. In addition, at the time of disposition of an individual investment, a potential counterparty that does not win the auction held by or on behalf of the Funds may claim that it should have been afforded the opportunity to purchase the investment or alternatively that such potential counterparty should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosure made.

*Non-Performing Debt.* Certain loans originated by a Fund and debt instruments purchased by a Fund are or may become non-performing and possibly in default. In these circumstances, the quality of a Fund's investments in non-performing loans, whether individual loans or pools of loans as further described herein, are subject to the quality of underwriting of their originators, and the accuracy of representations made by the underlying borrowers or guarantors (who may also be in bankruptcy or liquidation). There can be no assurance as to the amount and timing of payments, if any, with respect to such investments.

*Convertible Securities.* Certain Funds invest in convertible securities. Convertible securities include bonds, debentures, notes, preferred stock or other securities that may be converted into or exchanged for a specified amount of equity securities of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally

- have higher yields than common stocks, but lower yields than comparable non-convertible securities;
- are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and
- 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 privilege) 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 subject to, among others, credit risk, the risk of shifts in the market price of the underlying securities and changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. For instance, adverse or unexpected shifts in interest rates, particularly near the time when certain Funds aim to exit any investment in convertible securities, may affect the value of those Funds' investments. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying equity securities. To the extent the value of the underlying equity securities 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 equity securities while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. The value of the underlying security may be volatile and may be impacted by a variety of business, industry, economic, legal and other factors, including factors over which certain Funds may have little or no control, any of which could adversely affect the value of certain Funds' investment in such convertible securities.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by certain Funds is called for redemption, certain Funds will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Issuers may have an incentive to call convertible securities for redemption when conditions are not advantageous to certain Funds, including when the value of the underlying securities is relatively low. Such a redemption could have an adverse effect on certain Funds' ability to achieve their investment objective. In addition, investments in certain types of convertible securities may give rise to phantom income for U.S. federal income tax purposes. Investors that are U.S. persons may have a current U.S. tax liability associated with such securities even if they have not received any cash distributions in respect thereof.

*High-Yield Securities.* Certain Funds invest in high-yield securities. Such securities generally do not trade on an exchange but rather in the over-the-counter marketplace, which is less transparent. In addition, certain Funds invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual

corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and do not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuer of such securities to repay principal and pay interest thereon and increase the incident of default of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuer of such securities to repay principal and pay interest thereon and increase the incident of default of such securities.

*Investments in Synthetic Instruments.* Certain Funds use synthetic or pass-through arrangements, such as total return swaps or synthetic CDS (as defined below) or collateralized synthetic obligations. Seeking exposure to reference assets through synthetic arrangements presents risks different from those involved in direct investments in such types of assets. With respect to synthetic securities, a Fund will have a contractual relationship only with the synthetic instrument counterparty, and not the reference entity obligated under the reference obligation. A Fund typically has no right to enforce compliance by the reference entity with the terms of the reference obligation and typically has no voting or other consensual rights of ownership with respect to the reference obligation. The synthetic instrument counterparty generally will not be obligated to own any of the reference obligations, or to deliver any such obligations pursuant to the terms of the synthetic instrument. In the case of physical settlement of CDS, the synthetic instrument counterparty generally is able to satisfy its delivery obligation by delivering, at its election, either the reference securities or other securities of a specified type. A Fund also will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. In addition, in the event of the insolvency of the synthetic instrument counterparty, a Fund generally will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the reference obligation. Consequently, a Fund will be subject to the credit risk of the synthetic instrument counterparty, as well as that of the reference entity.

As a result of these factors, concentrations of synthetic assets with any one synthetic instrument counterparty will subject a Fund to risk with respect to defaults by such synthetic instrument counterparty as well as by the respective reference entities. Synthetic instrument counterparties generally will have no obligation to keep a Fund informed as to matters arising in relation to any reference obligation, including whether or not circumstances exist under which there is a possibility of the occurrence of a credit event. Generally, neither we nor a Fund will have the right to inspect records of the synthetic instrument counterparties or the reference entities, and the synthetic instrument counterparties will be under no obligation to disclose any further information or evidence regarding the existence or terms of any reference obligation or any matters arising in relation thereto or otherwise regarding any reference obligation, any guarantor or any other person, other than the obligation, in the case of certain CDS, of a synthetic instrument counterparty to provide publicly available information to a Fund in order to establish the occurrence of certain specified events. As a general rule, synthetic instrument counterparties will not have a duty to consider the effect of their actions or failure to take actions on a Fund.

In the circumstances specified in a contract in respect of a synthetic instrument (for example, losses on the reference portfolio in excess of a specified amount), a Fund or the synthetic instrument counterparty will have the right to terminate the synthetic instrument entered into by the synthetic security counterparty and the Fund. Such specified circumstances generally will include events of default under such synthetic instrument and other termination events, such as if certain payments to be made under the synthetic instrument are subject to the imposition of a withholding tax. As a rule, synthetic instruments may be terminated by synthetic instrument counterparties if, among other things, a Fund fails to make a relevant payment under the synthetic instrument and the Fund will be likely to owe a termination payment in such case. A Fund also may be required to make a payment to a synthetic instrument counterparty if the Fund terminates a transaction. If such a payment is in a sizeable amount, a Fund would need to liquidate other assets or to call capital to meet its payment obligation. Synthetic investments are often highly illiquid. In some instances, synthetic instruments entered into or acquired by a Fund have a limited trading market, if any. The terms of the respective synthetic securities likely would restrict a Fund's ability to terminate or assign such assets in a timely fashion and for a fair price, as well as its ability to take advantage of market opportunities. Low liquidity and potential difficulties of valuation in the market for synthetic instruments would limit a Fund's ability to trade and reinvest in synthetic instruments to the extent it considers appropriate.

In addition, in instances where margin is required to be posted in connection with the Funds' use of collateralized synthetic obligations, we expect that such investments will require more capital than the Funds initially commit to such deals, though the amount of such additional capital may not be determinable at the time of commitment. Depending on the ultimate investment performance of the assets to which such collateralized synthetic obligations relate, over-concentration in certain investments may occur.

*Debtor-in-Possession ("DIP") Loans.* From time to time, certain Funds invest in or extend loans to companies that have filed for protection under Chapter 11 of the U.S. Bankruptcy Code. These debtor-in-possession or DIP loans are most often revolving working-capital facilities put into place at the outset of a Chapter 11 case to provide the debtor with both immediate cash and the ongoing working capital that will be required during the reorganization process. While such loans are generally less risky than many other types of loans as a result of their seniority in the debtor's capital structure and because their terms have been approved by a federal bankruptcy court order, it is possible that the debtor's reorganization efforts may fail and the proceeds of the ensuing liquidation of the DIP lender's collateral might be insufficient to repay in full the DIP loan.

*Risks of Investments in "Special Situations."* Certain Funds make investments in special situation financings, including event-driven situations such as recapitalizations, DIP and other financings, corporate and financial restructurings, acquisitions, divestitures, reorganizations or other situations in public or private companies that would provide a Fund with an opportunity to provide debt and/or equity financing. Such investments may be originated by a Fund and will typically be made on a negotiated basis. These investments are complicated, and an incorrect assessment of the downside risk associated with an investment could result in significant losses to a Fund.

*Debt Securities and Private Debt Instruments.* Certain Funds invest in loans to, or debt securities and private debt instruments of unrated or non-investment grade companies, including:

- leveraged loans;
- high-yield bonds;
- senior secured bank debt;
- junior loans;
- subordinated loans;
- syndicated bridge commitments; and
- unsecured loans.

Investments in debt are subject to the ability of the issuer or the borrower to meet principal and interest payments on the obligation and may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer or the borrower and general market conditions. These risks are greater for investments in non-investment grade, non-rated or lower credit quality debt than for investments in higher rated debt and there are generally no restrictions on the credit quality of the investments of certain Funds. In addition, private debt instruments have significant liquidity risks and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors.

There may be limitations on the ability of a Fund to directly enforce its rights with respect to these types of investments, and a Fund therefore would, in addition to assuming the credit risk of the borrower, assume the credit risk associated with the lender or an interposed financial intermediary. Investments in debt would also expose a Fund to unfavorable outcomes in the event of a bankruptcy proceeding. Successful claims by third parties arising from these and other risks will be borne by a Fund.

*Bank Loans.* Certain Funds invest in fixed- and floating-rate loans, which investments will be originated or acquired either directly or indirectly by way of loan participations and assignments of portions of such loans. If a Fund engages

in loan originations, the Fund will generally acquire all of the rights and obligations relating to the loan and be entitled to exercise these rights directly against the borrower or issuer, but may be forced to hold its excess interest in loans if it is unable to sell or assign participations in such loans, leading to over-concentration in certain borrowers. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. Certain participation interests in which a Fund invests are not rated by any nationally recognized rating service. Participations and assignments are subject to a number of risks, including credit risk, interest rate risk, liquidity risk and the risks of being a lender. When purchasing loan participations, a Fund assumes the credit risk associated with the corporate borrower and typically assumes the credit risk associated with an interposed bank or other financial intermediary. In addition, if a Fund is only able to enforce its rights through the lender (which may be a bank or other financial intermediary), it would assume the credit risk of the lender in addition to the borrower. Furthermore, such investments are subject to unique risks, including, without limitation:

- the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws;
- so-called lender-liability claims by the issuer of the obligations;
- environmental liabilities that may arise with respect to collateral securing the obligations; and
- limitations on the ability of a Fund to directly enforce its rights with respect to participations.

Successful claims by third parties arising from these and other risks will be borne by a Fund.

Certain Funds originate or acquire subordinated loans. If a borrower defaults on a Fund's loan or on debt senior to a Fund's loan, or in the event of a borrower bankruptcy, a Fund's loan will be satisfied only after the senior debt is paid in full. When debt senior to a Fund's loan exists, the presence of intercreditor arrangements would limit a Fund's ability to amend its loan documents, assign its loans, accept prepayments, exercise its remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to borrowers.

*Loans, Debt and Equity Investments.* The Funds invest, and will continue to invest, in "uni-tranche" and senior secured term loans, second lien loans, and select mezzanine and/or equity investments.

#### *Uni-tranche and Senior Secured Loans.*

The Funds invest in senior secured loans having the benefit of a first lien on available assets of the borrower. However, there is a risk that the collateral securing such loans 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 borrower to raise additional capital. In some circumstances, the security underlying the Funds' investment could become subordinated to claims of other creditors. Consequently, the fact that a loan is secured does not guarantee that the Funds will receive principal and interest payments according to the loan's terms, or at all, or that the Funds will be able to enforce applicable remedies. In addition, deterioration in the borrower's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the security.

#### *Second Lien Loans.*

The Funds may invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In addition, second lien loan and other junior or subordinated products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien or junior holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, which may limit the Funds' ability to amend their loan documents, assign their loans, accept prepayments, exercise their remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to borrowers, which can materially affect recoveries. While there is broad market acceptance of some second lien intercreditor terms, no clear

market standard has developed for certain other material intercreditor terms for second lien loan products. This variation in key intercreditor terms may result in dissimilar recoveries across otherwise similarly situated second lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second lien loan products carry more risks than certain other debt products. In August 2007, the market for many loan products, including second lien loans, contracted significantly, which made virtually all leveraged loan products, particularly second lien loan products, less liquid or illiquid. Many participants ceased underwriting and purchasing certain second lien loan products. Although conditions have improved following the global financial crisis, there can be no assurance that such illiquidity will not reoccur with respect to loans.

#### *Mezzanine or Other Junior Debt.*

The Funds may make junior debt investments which will generally be subordinated to senior loans. Such loans will typically either have junior security interests or be unsecured. As such, other creditors may rank senior to the Funds in the event of an insolvency. This may result in an above average amount of risk and loss of principal.

#### *Related Equity Investments.*

The Funds may also include an equity component (including warrants or other instruments convertible into equity) as part of a senior secured loan or mezzanine loan. Warrants have a limited life and following their expiry they can no longer be traded or exercised. Warrants may expire worthless and/or it may be the case that at expiry the exercise price is greater than the price of the underlying security. There also may not be an active market for the warrants held by the Funds.

*Risks Associated with Publicly Traded Securities.* Certain Funds may invest in publicly traded securities, and may hold publicly traded securities following a partial exit from an investment. Publicly traded securities are subject to risks that differ in type and degree from those involved in privately held investments. The Funds' ability to dispose of publicly traded investments may be limited. For example, the ability to dispose of an investment in the public markets will depend upon favorable market conditions, which may be unrelated to the performance of such investment. There can be no assurance that the Funds will be able to dispose of such publicly traded investments at the price and at the time they wish to do so.

When investing in public securities, a Fund may be unable to obtain financial covenants or other contractual rights, including management rights, that they might otherwise be able to obtain in making privately negotiated investments. Moreover, a Fund may not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. Furthermore, a Fund would be limited in their ability to make investments, and to sell existing investments, in public securities if we have material, non-public information regarding the issuers of those securities or as a result of other internal policies. The inability to sell public securities in these circumstances could materially adversely affect the investment results of the Fund. In addition, a Fund may sell a portfolio investment to a public company where the consideration received consists (at least in part) of stock of the public company, which may be subject to lock-up periods. A Fund's investments in securities of publicly traded companies may be sensitive to movements in the stock market and trends in the overall economy. Moreover, the ability of portfolio investments to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

*Non-Controlling Investments.* The Funds are expected to hold loans, debt instruments or other securities that may not entitle the Funds to voting rights (whether in respect of an underlying borrower's or issuer's equity or debt securities). To the extent one or more Funds hold a voting interest in a portfolio investment, they would typically hold less than 50% of the outstanding voting interests of such portfolio investments (whether debt or equity), and, therefore, those Funds may have a limited ability to protect their investment.

In these non-controlling investments, and despite contractual protections (including negative covenants, reserved matters or veto rights) or other means of exerting influence (including board or committee appointment rights, or consultation rights), the Funds will not be in a position to actively control or direct the management, operation and strategic decision-making of portfolio investments (outside of, potentially, the context of a restructuring, insolvency or similar event). As a result, the Funds will be subject to the risk that the underlying borrower or issuer of a portfolio investment which they do

not control, or in which they do not have a majority ownership position, may make business decisions with which the Funds disagree, and the equity holders (or other equity holders) and management of such a portfolio investment may take risks or otherwise act in ways that are adverse to the Funds' interests. Due to the lack of liquidity for the investments that the Funds may hold in borrowers or issuers, the Funds may not be able to dispose of their investments in the event that they disagree with the actions of a borrower or issuer, and may therefore suffer a decrease in the value of their investments.

In certain circumstances, the extent to which the Funds will be able to influence or control the management or operation of a company, or exercise influence or control within a portfolio investment in such company (e.g., with respect to a particular debt tranche or instrument), in each case if at all, will depend on a number of factors including the extent to which the Funds are aligned and able to cooperate with other investors in such company or portfolio investments, including third-party investors that may otherwise be competitors of the Funds. Such third-party investors may hold interests in different parts of such company's capital structure (as compared to the interests held by the Funds) or other investments that may be related directly or indirectly to such interests, which may result in a conflict of interest between the Funds and such third-parties.

In addition, if the Funds make a non-controlling investment through the secondary market, our ability to negotiate certain protective terms (e.g., covenants) would be expected to be more limited compared to if the Funds were directly negotiating an investment with the borrower or issuer.

*Short Selling.* Certain Funds' investment strategies may include short selling. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Fund engages in short sales will depend upon its investment strategy and perception of market direction. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Fund of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, a lender may require that the securities it lent be returned on short notice, forcing the Fund to buy the securities it sold short at an unfavorable price.

*Investments in Pooled Investment Vehicles.* Pursuant to the Governing Documents, and subject to certain exceptions, the Funds are generally not permitted to invest in blind pool investment vehicles managed on a discretionary basis in which the Funds would pay incremental carried interest or advisory fees without the approval of a relevant Fund's advisory committee, except that certain Funds are permitted to invest in structured finance vehicles, special purpose acquisition companies, start-up platforms, operating joint ventures or similar arrangements, including such arrangements with a Servicer, as well as in investments made with a view towards exercising or influencing control, or participating in a restructuring or similar special situations scenario. For example, certain Funds may acquire a minority interest in a blind pool investment vehicle with a view to obtaining a control position in such vehicle or one or more of its underlying assets. In addition, certain Funds may invest into pools of claims or other assets sourced by Servicers or other partners who are engaged by the Funds for the purpose of identifying and pooling such claims or other assets.

Further, Sixth Street may cause the Funds to pursue investment opportunities it believes to be attractive through other types of pooled investment vehicles. For example, the Funds may make investments in investment vehicles that hold one or more underlying assets to which the Funds seek to gain exposure indirectly through (i) the investment vehicle, or (ii) investment vehicles managed on a discretionary basis by one or more third parties if such investments do not result in the Funds paying incremental carried interest or advisory fees. Similarly, the Funds may also make investments in pooled investment vehicles (including vehicles managed by Servicers) that result in the Funds paying incremental carried interest or advisory fees, if Sixth Street retains investment discretion, which discretion may be structured through control of the investment vehicle, acquisition, disposition or other decisions relating to the underlying assets or otherwise taking into account the facts and circumstances of the applicable investment structure and assets.

*Additional Capital Requirements of Portfolio Investments; Platform Investments Generally.* Certain of the Funds'



portfolio investments, especially those in a development or “platform” phase (a “Platform Portfolio Investment”), may require additional financing to satisfy their working capital requirements, business development needs or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular Platform Portfolio Investment. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a Platform Portfolio Investment with enough capital to reach the next major milestone or consummate a particular acquisition or investment. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the Funds. The availability of capital is generally a function of capital market conditions that are beyond the control of the Funds or any Platform Portfolio Investment. In addition, the Funds may make additional investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve the Funds’ proportionate ownership when a subsequent financing is planned, or to protect the Funds’ investment when the performance of such Platform Portfolio Investment does not meet expectations. To the extent a Platform Portfolio Investment in which the Funds have invested receives additional funding in subsequent financings and the Funds do not participate in any such additional financing rounds or offerings, the Funds’ interest in the Platform Portfolio Investment may be diluted or become functionally subordinated. There can be no assurance that the Funds’ general partners or management companies or the Platform Portfolio Investments themselves will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. The Funds may be called upon to provide follow-on funding for their investments or have the opportunity to increase their investment in a Platform Portfolio Investment. There can be no assurance that the Funds will want to make follow-on investments or that they will have sufficient funds or the ability to do so. Any decision by the Funds not to make a follow-on investment or their inability to make it may have a substantial negative impact on a Platform Portfolio Investment in need of such an investment or may diminish the Funds’ abilities to influence its future development. Conversely, such funding may be required or committed as part of the relevant Fund’s initial investment. In such circumstances, any follow-on funding would generally not be considered a “follow-on investment,” (and subject to any limitations thereon in the Governing Documents of the relevant Fund) and accordingly may result in investors being required to contribute significant amounts of capital to a Fund in respect of such investments after the termination of their commitment period or in circumstances where, absent the requirements or commitments binding the Fund, we may have concluded that funding such amounts would not have been in the best interests of the Fund at the relevant time.

*Distressed Assets.* Certain Funds invest a portion of their assets in distressed loans (or underlying borrowers or issuers) and portfolios of distressed assets, including non-investment grade obligations of U.S. and foreign companies (including companies in significant financial or business difficulties) including companies involved in bankruptcy or other reorganization or liquidation proceedings, which will in most cases be unrated or non-investment grade and accordingly may be exposed to distressed lending risks, including speculation with respect to a borrower’s or issuer’s capacity to pay interest and repay principal. While it is intended that due diligence will be conducted on borrowers and issuers to assess whether or not such borrowers or issuers may be distressed, there is no guarantee that borrowers or issuers will not become distressed after such due diligence is conducted, or that the results of such due diligence will highlight whether the relevant borrower is in financial distress. Investments in borrowers or issuers that have become financially distressed involve significantly greater risks than investments in non-distressed borrowers or issuers, and financially distressed borrowers or issuers may be unable to fulfil their payment obligations under the loan in full or at all. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in the borrower’s business strategy or in reorganization proceedings by the Funds. To the extent that the Funds become involved in such proceedings, the Funds may have a more active participation in the affairs of the company than that assumed generally by an investor. This manner of involvement may require that all or a portion of the relevant entities be held through subsidiary entities of the relevant Funds, which may result in a higher tax burden with respect to those investments for some or all of the investors in those Funds. In addition, involvement by the Funds in an issuer’s reorganization proceedings could result in the imposition of restrictions limiting the applicable Fund’s ability to liquidate its position in the issuer.

*Real Estate Investments.* Certain Funds expect to hold real estate investments. The value of the real property and related assets underlying mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the assets or collateral and thereby lower the value to be derived from a liquidation. In

addition, with respect to any debt investments made by the Funds, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. Furthermore, many of the properties which will secure debt investments made by the Funds or their affiliates may be suffering varying degrees of financial distress or may be located in economically distressed areas.

Certain Funds may also hold real estate or other property or assets in a particular state or other jurisdiction where applicable local laws impose burdensome qualification or compliance obligations, which may require significant Fund expense, such as attorneys' fees or deal structuring expenses, and which may not be anticipated at the time of the making of the investment.

Further, certain Funds may acquire direct or indirect interests (including security interests) in undeveloped land (including to "land-bank") or underdeveloped real property, which may often be non-income producing. To the extent that the Funds acquire direct or indirect interests in such assets, they will be subject to the risks normally associated with such assets and development activities, including where the Funds' interests in such assets are security interests and the Funds intend to foreclose on them. For instance, properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion.

*Mortgage-Backed and Asset-Backed Securities.* Certain Funds invest in mortgage-backed securities ("MBS") and asset-backed securities ("ABS"). MBS represent an interest in a pool of mortgages. When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of MBS decline. At the same time, however, mortgage refinancing and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of MBS is usually more pronounced than it is for other types of fixed-income securities. ABS are structured like MBS, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property and receivables from credit card agreements. The ability of an issuer of ABS to enforce its security interest in the underlying assets is often limited. ABS are subject to many of the same risks as MBS.

*Effect of Changes in Interest Rates on Investments in Mortgage Loans.* A substantial portion of the investments of certain Funds may be in mortgage loans. Most mortgage loans, especially fixed rate mortgage loans, decline in value when long-term interest rates increase. In the case of adjustable rate mortgages, increases in interest rates can lead to increases in delinquencies and defaults as borrowers become less able to make their mortgage payments following payment resets. Declines in market value, if not offset by any corresponding gains on hedging instruments, may ultimately reduce earnings or result in losses to the Funds, which may negatively affect cash available for distribution to investors. The Funds could also realize immediate losses if the securities were sold. An increase in short-term interest rates would increase the amount of interest owed on the repurchase agreements the Funds may enter into in order to finance the purchase of mortgage loans.

*Residential Mortgage Loans.* A Fund may hold (e.g., through investments in residential MBS or companies that originate, service or invest in mortgage loans) or be exposed to residential mortgage loans. Residential mortgage loans are secured by single-family residential property and are subject to risks of delinquency and foreclosure and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon various factors, including the income or assets of the borrower. A Fund may hold or be exposed to non-prime or sub-prime residential mortgage loans (which are subject to higher delinquency, foreclosure and loss rates than prime residential mortgage loans), which could result in higher losses to such Fund. Non-prime and sub-prime residential mortgage loans are made to borrowers who have poor or limited credit histories and, as a result, do not qualify for traditional mortgage products. Because of the poor, or lack of, credit history, non-prime and sub-prime borrowers have materially higher rates of delinquency, foreclosure and loss compared to prime credit quality borrowers.

*Commercial Mortgage Loans.* A Fund may hold directly or indirectly (e.g., through investments in commercial MBS or companies that originate, service or invest in mortgage loans) or be exposed to commercial mortgage loans. Commercial mortgage loans are generally secured by multi-family or commercial property and are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with residential mortgage loans that are secured by single-family residential property. The ability of a borrower to repay a loan secured by an

income-producing property is dependent primarily upon the successful operation of such property. If the net operating income of the property is reduced, the borrower's ability to repay the loan could be impaired. Net operating income of an income-producing property can be affected by, among other things:

- tenant mix;
- success of tenant businesses;
- property management decisions;
- property location and condition;
- competition from comparable types of properties;
- changes in laws that increase operating expenses or limit rents that may be charged;
- any need to address environmental contamination at the property;
- the occurrence of any uninsured casualty at the property;
- changes in national, regional or local economic conditions and/or specific industry segments;
- declines in regional or local real estate values;
- declines in regional or local rental or occupancy rates;
- increases in interest rates, real estate tax rates and other operating expenses;
- changes in governmental rules, regulations and fiscal policies, including environmental legislation; and
- "acts of God," terrorism, social unrest and civil disturbances.

A commercial property may not readily convert to an alternative use in the event that the operation of such commercial property for its original purpose becomes unprofitable. In such cases, the conversion of the commercial property to an alternative use would generally require substantial capital expenditures. The liquidation value of any such commercial property may be substantially less, relative to the amount outstanding on the related commercial mortgage loan, than would be the case if such commercial property were readily adaptable to other uses.

*Defaults and Foreclosures on Mortgage Loans.* In the event of any default under a loan directly held by a Fund or a loan underlying a security held by the Fund, the Fund will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the loan, which could have a material adverse effect on the Fund's cash flow from operations. Other non-performing loans may require workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the original principal amount of such loans. Further, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such loans, replacement financing will not be available and such loans may not be repaid. In the event of the bankruptcy of a borrower, the loan to that borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), the lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law, and realizing any value under such circumstances can be an expensive and lengthy process that could have a substantial negative effect on the anticipated return on the loan and on the security backed by such loan.

If a Fund were to make investments in these assets, it is possible that the Fund may find it necessary or desirable to foreclose on collateral securing one or more investments in loans purchased by the Fund. The foreclosure process can

be expensive and lengthy (which could have a substantial negative effect on the Fund's anticipated return on the foreclosed mortgage loan), and may be adversely affected by the operation of state law governing the foreclosure process as well as other creditor's rights provided in the governing loan instruments. Borrowers often resist foreclosure actions by asserting numerous claims, including lender liability claims, and may also file for bankruptcy at any time during the foreclosure process. The foreclosure process also tends to create a negative public image of the collateral property and may result in the disruption of ongoing leasing and management of the property.

In certain instances, there may be widespread defaults on pools of similar or related mortgage loans held by a Fund due to economic or geo-political factors affecting particular geographical or industry sectors, natural disasters, acts of war or terror, political instability or economic crises. In such cases, there may be a widespread default on mortgage loans held by the Fund in applicable geographies or sectors due to the destruction of property or being affected by other humanitarian crises. In such circumstances, the Fund may choose to delay the enforcement of, or not to enforce, their default remedies and/or foreclose on the loans held by it for a variety of reasons (including humanitarian concerns). In such circumstances the value of the Fund's investments may be materially impaired or the ability of the Fund's to recover their investment may be significantly delayed.

*Governmental Actions Affecting Mortgages and Mortgage Foreclosures.* Following the 2008 financial crisis, the federal government, state governments, consumer advocacy groups and others urged mortgage servicers to be aggressive in modifying mortgage loans to avoid foreclosure. In addition, numerous laws, regulations and rules were proposed by federal, state and local governmental authorities that would have delayed foreclosure, reduced or delayed payments by homeowners, forgiven debt and increased prepayments due to the availability of government-sponsored refinancing initiatives. Also, several courts, state and local governments and elected or appointed officials took steps to slow or prevent foreclosures, including certain federal and state legislators calling for a more broad-based moratorium on foreclosures generally. While many of these initiatives were not adopted, governmental bodies could renew their focus on slowing or preventing foreclosures (including in connection with public health epidemics). Certain Funds may have a substantial amount of their capital invested in residential mortgage loans and could be adversely affected by such actions.

There have been numerous press reports concerning possible deficiencies in the processes by which servicers conduct foreclosure proceedings. Certain large banks and servicers have voluntarily halted foreclosure proceedings with respect to mortgage loans they own and/or service so that internal reviews may be conducted to ensure that their foreclosure process satisfies all applicable requirements. The announcements of these banks and servicers have led to certain federal and state legislators calling for a more broad-based moratorium on foreclosures generally. If any such moratorium is instituted or if any industry-wide adverse regulatory or judicial actions are taken in respect of foreclosures, any investment by the Funds in residential mortgage loans could be adversely affected.

*Predatory and Other Lending Laws.* The Funds may be subject to liability for potential violations of predatory and other lending laws, which could adversely impact the Funds' results of operations, financial conditions and business. In recent years, regulators have increased their focus on predatory lending practices.

Under the anti-predatory lending laws of some states, the origination of certain residential mortgage loans (including loans that are not classified as "high cost" loans under applicable law) must satisfy a net tangible benefits test with respect to the related borrower. This test can be highly subjective and open to interpretation. As a result, a court could determine that a residential mortgage loan, for example, does not meet the test even if the related originator reasonably believed that the test was satisfied.

Failure of residential mortgage loan originators or servicers to comply with these laws, to the extent any of their residential mortgage loans become part of a Fund's mortgage-related assets, could subject such Fund or a portfolio investment, as assignees or purchasers of the related residential mortgage loans, to monetary penalties and could result in the borrowers attempting to rescind the affected residential mortgage loans. If the loans are found to have been originated in violation of predatory or abusive lending laws, and a Fund or such portfolio investments have no rights to indemnification or the sellers are unable to meet their indemnification obligations, such Fund could incur losses, which could adversely impact the Fund's results of operations, financial conditions and business.

*Changes in Prepayment Rates.* Changes in prepayment rates could reduce the value of mortgage loans directly held by a Fund or underlying a security held by such Fund. In the case of residential mortgage loans, there are seldom any

restrictions on borrowers' abilities to prepay their loans. Homeowners tend to prepay mortgage loans faster when interest rates fall. Consequently, owners of the loans have to reinvest the money received from the prepayments at the lower prevailing interest rates. Conversely, homeowners tend not to prepay mortgage loans when interest rates rise. Consequently, owners of the loans are unable to reinvest money that would have otherwise been received from prepayments at the higher rates. The negative effect of the rate increase on the market value of MBS is usually more pronounced than it is for other types of fixed-income securities.

*Higher Risk of Loss on Loans Secured by Non Owner Occupied Properties.* Certain mortgage loans may be secured by residential properties where the occupant is not the owner. These mortgage loans may present a greater risk of loss because these borrowers may be more likely to default on a mortgage loan secured by non-owner-occupied property than a mortgage loan secured by a primary residence of a borrower.

*Pools of Whole Loans.* In connection with the acquisition of whole loans, a Fund may be required to purchase other types of mortgage assets as part of an available pool of mortgage assets in order to acquire the desired whole loans. These other mortgage assets may include mortgage assets that subject the Funds to additional risks. Acquisition of less desirable mortgage assets may impair the performance of the Fund and reduce returns to investors.

*Consumer Loans.* Certain Funds expect to hold or (through investments in ABS) be exposed to other consumer loans, including credit card receivables, automobile loans, or student loans. Unlike mortgage loans, certain of these consumer loans may be unsecured, or, if secured, the likelihood of collecting on the collateral underlying such loans may be low. Further, consumer loans are subject to risks of prepayment, delinquency and default similar to those present in mortgage loans. The ability of a borrower to repay any such consumer loan is dependent on a number of factors, including the income and assets of the borrower. These factors may not be verified or verifiable by the applicable lender and may be subject to borrower fraud, which increases the risk profile of such loans. As a result, the Funds may invest in consumer loans that have been made to borrowers of varying creditworthiness, and they may invest in consumer loans that have been extended pursuant to varying underwriting guidelines, or to no underwriting guidelines at all. Consumer loans may be backed by collateral (as in automobile loans) or they may be unsecured, exposing the Funds to default risk as an unsecured creditor of an individual consumer borrower.

In addition, the Funds will depend on one or more servicers to collect on any outstanding consumer loans. Certain servicers may have limited experience in the applicable type of loans or may otherwise be limited in their ability to collect. Further, the specialty finance companies that originate and service consumer loans are often dependent on the availability of financing through the capital markets. To the extent such financing were to be unavailable, these companies may experience liquidity issues which would impair their ability to originate or service loans (especially if their obligations include providing advances), even if the loans that they are originating or servicing are not themselves impaired.

Congress and the individual states may further regulate the consumer credit industry in ways that make it more difficult for servicers of such loans to collect payments on such loans, resulting in reduced collections. Such laws and regulations may, among other things, regulate interest rates and other charges, require certain disclosures, regulate the use of consumer credit information and regulate debt collection practices. Violation of certain provisions of these laws and regulations may limit a servicer's ability to collect all or part of the principal of, or interest on, such loans, entitle the borrower to a refund of amounts previously paid by it, or subject the servicer to damages and sanctions. A number of recent court cases have similarly affected the ability of lenders to collect on consumer loans. In addition, changes to federal or state bankruptcy or debtor relief laws may also impede collection efforts or alter timing and amount of collections. If an obligor sought protection under federal or state bankruptcy or debtor relief laws, a court could reduce or discharge completely the obligor's obligations to repay amounts due on its loan. As a result, that loan would be written off as uncollectible.

As part of the Dodd-Frank Act, the federal government created the Consumer Financial Protection Bureau ("CFPB"), an independent agency responsible for consumer protection in the financial sector. The CFPB has become an increasingly active regulator of consumer financial products, remains prominent and could affect the Fund's investment activities in this market. In addition, there is uncertainty as to the direction of future U.S. legislation and policy, and there may be further legislative or administrative developments that affect consumer loans and their collectability.

Risks specific to different categories of consumer loans may affect the Funds' return on such investments. In the case of credit card loans, for example, various and unpredictable social, economic and geographic factors may affect the payment patterns and rates of default by borrowers, including consumer confidence and attitudes toward debt, rates of inflation and unemployment and prevailing interest rates. Rates of prepayment and default on student loans will similarly vary based on a number of factors, but will also be affected by contractual terms present in such loans, including the extension of grace periods, deferment periods and, under some circumstances, forbearance periods. The current market shows high levels of non-mortgage-backed consumer debt and rising levels of default in the auto and student loan sectors. To the extent that the U.S. unemployment rate increased, there could be a further decline in performance of such non-mortgage consumer debt. Sixth Street cannot predict how these and other factors may affect the Funds' investments in consumer loans.

*Loan Origination.* Certain Funds are expected to, from time to time, originate loans consistent with their investment objectives. In making loans, a Fund or subsidiaries thereof will compete with a broad spectrum of lenders, some of which may be willing to lend money on better terms (from a borrower's standpoint) than such Fund. Increased competition for, or a diminution in the available supply of, qualifying borrowers may result in lower yields on such loans, which could reduce returns to the Fund.

In addition, loan origination involves a number of particular risks that may not exist in the case of secondary debt purchases, including:

- when originating loans, we will generally have to rely more on our own resources to conduct due diligence of the borrower, which will likely be more limited than the diligence conducted for a broadly syndicated transaction involving an underwriter;
- if the Funds or subsidiaries thereof engage in loan origination with the intent of selling a portion of, or assigning participations in, such investment to other Funds or Related Funds or third-parties, there is no guarantee that such sale or assignment will be successful and the Funds may be forced to hold a greater portion of such investment than intended, which would expose the Funds to the risk of greater losses if such loans decline in value. The Funds' ability to engage in certain loan originations above a certain size and to structure such loans in a certain way may also depend on their ability to partner with other investors. As a result, a Fund could fail to capture some loan origination investment opportunities if they cannot provide "one-stop" financing to a potential underlying borrower or issuer either alone or with other investment partners;
- loan origination may involve additional regulatory risks given the requirement to hold a license for certain types of lending in some jurisdictions. It is expected that the Funds or subsidiaries thereof generally will conduct their activities in such a manner so as not to require any entities associated with the Funds to obtain banking or lending licenses, whereas competitors may have licenses or other regulatory authorizations, approvals or statuses in certain jurisdictions that are not available to, or may not be obtained by, the Funds. This could give such competitors an advantage in sourcing opportunities in such jurisdictions. We will review and take advice on the loan origination regulations in each relevant jurisdiction and seek to ensure that the Funds' investments are compliant with such regulations. However, the scope of these regulatory requirements (and certain permitted exemptions) vary from jurisdiction to jurisdiction and may change from time to time. If the Funds or subsidiaries thereof fail to comply with any such regulations, it could result in the imposition of fines, prohibitions on activities or other sanctions that could materially impair the Funds' (or their subsidiaries') ability to carry out loan origination or lead to financial losses of the Funds. The risk of non-compliance is increased in certain jurisdictions in which there is limited established market practice and an absence of clear regulations and guidance from regulators;
- the borrowers for such loans may in some circumstances be higher credit risks who could not obtain debt financing in the syndicated markets;
- the Funds or subsidiaries thereof may originate loans that allow for voluntary prepayments, and the timing of any such prepayments cannot be predicted with any accuracy. Early payments of loans originated by the Funds or subsidiaries thereof could cause the Funds not to achieve their expected returns on such investments,

and such prepayments may be made during a period of declining interest rates or otherwise unfavorable market conditions for the Funds;

- if the Funds or subsidiaries thereof originate loans that are secured by collateral, the value of such collateral can be extremely difficult to predict, and adverse changes in the value of the collateral could materially and adversely affect the value of the Funds' investments in such loans, or the amounts it would recover in the event of a borrower's default;
- the terms of the loans that the Funds or subsidiaries thereof originate or in which they otherwise invest may restrict the Funds or applicable subsidiaries from bringing an enforcement action against the relevant borrower or issuer until a prescribed period after a default by that borrower or issuer has elapsed. The financial strength of the borrower or issuer may, however, continue to deteriorate during this standstill period, thereby potentially affecting the Funds' ability to recover all or any of their investment; and
- if a Fund was treated as engaged in loan origination for U.S. federal income tax purposes, it may have adverse tax consequences for certain of its investors and would also be expected to negatively impact returns. In some cases originated loans may be held directly or indirectly through investment structures (e.g., blocker entities) that may result in a higher combined marginal rate of U.S. taxation for all or some of the Fund's investors than other types of investments.

*Investments in Equity Securities.* Certain Funds also expect to invest in common and preferred stock and other equity securities, either independently or in connection with providing debt financing to issuers of such equity securities. Equity securities (including preferred equity securities) generally involve a high degree of business risk and financial risk that can result in substantial or total loss, including because equity securities will be subordinate to the debt securities and other indebtedness in the capital structure of the issuers of such equity securities. In addition, prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. As such, equity interests may not appreciate in value and, in fact, may decline in value. Accordingly, the Funds may not be able to realize gains from the equity interests, and any gains that are realized on the disposition of any equity interests may not be sufficient to offset any other losses experienced. Further, equity securities may not produce current income for the Funds.

With respect to preferred equity securities specifically, despite the holders of such securities bearing the above described risks in connection with such holdings, preferred security holders also typically have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified period.

Further, through equity ownership, a Fund may control, participate in the management of, or otherwise influence substantially the conduct of a company in which it holds a portfolio investment (including because certain of our professionals or advisors may be granted representation on the board of directors of such company). The exercise of such control over a company (and/or the designation of our professionals or advisors as directors) imposes additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, a Fund may suffer a significant loss, exposing the assets of the Fund to claims by a company in which it holds a portfolio investment, its other security holders, its creditors or governmental agencies, which may exceed the value of the Fund's initial investment. While we intend to reduce exposure to these risks to the extent practicable, the possibility of successful claims cannot be precluded.

*Investments in Middle Market and/or Less Established Companies.* Certain Funds expect to invest in middle market companies and/or in smaller, less established companies. Investing in such companies involves a number of significant risks, including that such companies:

- may have limited financial resources and may be unable to meet their obligations under their debt securities that the Funds hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Funds realizing any guarantees the Funds may have obtained in connection with their 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 and therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the stability of the relevant company and its ability to repay its debts;
- 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;
- may have less publicly available information about their businesses, operations and financial condition and, if the Funds are unable to uncover all material information about these companies, the Fund may not make a fully informed investment decision;
- 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;
- may have debt that has significantly more limited liquidity than is typical of larger companies and the Fund may be subject to price volatility or face difficulties exiting investments (including because to the extent there is any public market for the securities of less established companies, such securities generally are traded in lower volume and thus may be subject to more abrupt and erratic market price movements than those of larger, more established companies); and
- operate in a highly acquisitive market with frequent mergers and buy-outs and, (i) if a borrower or issuer of any portfolio investment is acquired or merged with another company prior to drawing a loan or other financing originated or otherwise committed by the Funds, the Funds will not realize their expected return and (ii) in many cases will seek to restructure or repay their debt investments or to repurchase or procure the sale of the Funds' equity ownership positions as part of an acquisition or merger transaction, which may result in a repayment of debt or other reduction of the Funds' investment in such issuer or borrower.

*Investments in Technology, Internet and Software.* Certain Funds are expected to invest in technology-focused, internet and software companies. The technology, internet and software sectors are challenged by various factors, including rapidly changing market conditions and participants, new competing products and services and improvements in existing products and services. Specifically, a number of factors contribute to challenging conditions for businesses in these sectors (some of which are described below), including (i) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (ii) rapidly changing and difficult to predict market conditions and consumer preferences; (iii) short product life cycles; (iv) scarcity of and high demand for management, technical, scientific, research and marketing personnel with appropriate training; (v) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (vi) rapidly changing investor sentiments and preferences with regard to investments in these sectors. Companies in which the Funds hold investments may compete in this volatile environment, and such competition may result in significant downward pressure on the prices of such companies' products and/or services.

Certain of the companies in which the Funds hold portfolio investments may depend heavily on intellectual property rights, including patents, trademarks, trade secret protection, non-disclosure agreements and service marks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. In addition, the development and protection of source code is often critical to many businesses in the technology, internet and software sectors, in which the Funds may invest. If an unauthorized disclosure of a significant portion of a the source code of a company in which the Funds hold an investment occurs, such company could potentially lose future trade secret protection for such source code. The loss of trade secret protection could then make it easier for third parties to compete with such company's products by copying their functionality, which could adversely affect such company's revenue and operating margins. On the other hand, the Funds or the companies in



which they hold portfolio investments may, from time to time, receive notices from persons or entities claiming that the Funds or such companies have infringed their intellectual property rights. The number of such claims may grow over time due to the fast pace of developments in the sectors, increasing amounts of user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents.

In addition, the technology, internet and software sectors are subject to risks of adverse government regulation. Programming services, cable internet and television systems, the internet, telecommunication services and satellite carriers are subject to varying degrees of regulation in the United States by the Federal Communications Commission (the “FCC”) or the Federal Trade Commission and other entities, and in foreign countries by similar entities. Such regulation and legislation are subject to the political process and have been in constant flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated, and there can be no assurance that the business of borrowers or issuers in which the Funds hold portfolio investments will not be adversely affected by future legislation, new regulation or deregulation. Further, in some instances, the making or acquisition of an investment may involve substantive continuing involvement by, or an ongoing commitment to, a government, quasi-government, industry, self-regulatory or other relevant regulatory authority, body or agency. The nature of these obligations exposes the owners of the relevant investments to a higher level of regulatory control than typically imposed on other businesses. Such regulatory agencies (such as the FCC) may impose conditions on the construction, operations, and activities of a business or asset as a condition to granting their approval or to satisfy regulatory requirements. Further, delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could result in material and adverse effects on the operations or performance of such a company.

*Investments Relating to Digital Assets.* Certain Funds may invest in borrowers or issuers involved in the development, issuance, exchange, trading, holding, lending, servicing or support of cryptocurrencies, decentralized application tokens, protocol token and other cryptofinance coins, tokens and digital assets and instruments that are based on blockchain, distributed ledger or similar technologies (“Digital Assets”). Companies operating in the Digital Assets sector face significant risks, including limited operating histories, a rapidly developing regulatory environment, and the fast pace of technological change leading to products and services becoming obsolete or failing to gain market share as more advanced technologies emerge. In addition, the prices of certain Digital Assets have been extremely volatile due, in part, to supply and demand fluctuations, inflation and interest rate concerns, overall market sentiment and investor expectations with regards to future regulatory measures that could restrict the trading or use of Digital Assets as a medium of exchange.

The nature of Digital Assets also presents a number of additional unique and emerging risks to companies in which the Funds may hold investments, including (i) the irreversible loss of Digital Assets resulting from the theft, loss, or destruction of the private keys necessary to access certain Digital Assets, (ii) the irrevocability of certain Digital Asset transactions conducted on a blockchain (or similar technology), regardless of whether such transaction was made in error or as a result of fraud or willful malfeasance, (iii) reliance on third party wallet providers or custodians to hold Digital Assets, who may themselves be vulnerable to fraud, failure or security breaches, (iv) cybersecurity threats from malicious actors, including hackers, botnets, or nation states, (v) flawed, ineffective or intentionally corrupt source code underlying a specific Digital Asset, (vi) the modification, or “fork”, of the opensource software powering certain Digital Assets, and (vii) risks associated with miners or validators of certain Digital Assets, including insufficient incentives for such parties to continue to maintain blockchain networks or digital currencies dependent on their actions.

Any or all of these risks have the potential to materially and adversely impact companies, borrowers or issuers in which Funds hold portfolio investments whose business models are focused on or have direct exposure to products or services relating to Digital Assets. Similarly these risks have the potential to adversely impact companies, borrowers or issuers in various other sectors, for example if such companies are exposed to price volatility or security risks as a result of accepting Digital Assets as a form of payment and/or the Funds, for example if portfolio investments are collateralized by Digital Assets or related intellectual property.

In addition to the risks noted above, the overall regulatory environment for Digital Assets remains highly uncertain. Numerous U.S. and international regulatory agencies have asserted whole or partial regulatory authority over Digital Assets. Whether and to what extent Digital Assets will be regulated by any existing U.S. or international regulatory agencies or by new legislation, and the effect of any such regulation or legislation on the value of Digital Assets, is

unknown. As such, borrowers or issuer in the Digital Assets industry may be subject to risks similar to those described in *“Investments in Technology, Internet and Software”*.

*Investments in the Healthcare Sector.* Certain Funds may invest in the healthcare sector. Investment in such assets involves a high degree of business, financial, technology, regulatory and litigation risk that can result in substantial losses. Some of these risks relate to the assets themselves, while others relate to the products utilizing these assets and to the companies’ manufacturing or marketing these products. The acquisition prices of such assets will often be based, in part, on sales projections with respect to the related products, which projections may prove to be inaccurate.

Borrowers or issuers in which the Funds hold portfolio investments or the significant customers or counterparties of such borrowers or issuers may only have one product under development. There can be no assurance that the product will be approved for marketing by the Food and Drug Administration or any foreign regulatory agency. Further, competition to the product may develop from other new and existing products. In either case, if a borrower or issuer is dependent on that one product, the consequences of such failure could be devastating to the prospects of such borrower or issuer, which in turn could negatively affect the performance of the Funds.

Healthcare policy and changes in healthcare policy and related laws and regulations could have a material and adverse impact on the borrowers or issuers in which the Funds hold portfolio investments, and the U.S. or non-U.S. government’s role in the healthcare industry could adversely impact the performance of such borrower or issuer. For instance, in some cases, new regulations can substantially change the marketing conditions for certain healthcare products, such as pharmaceuticals, and can adversely affect the duration and/or scope of intellectual property protections, or adversely affect the companies or related products’ marketability. Accordingly, investments made in reliance on an existing market structure could prove to be not cost effective or worthless, and existing market positions could be endangered.

In addition, many healthcare companies are subject to rigorous regulation in their operations. Compliance with these regulations can be costly. If a borrower or issuer in which the Funds hold a portfolio investment or one of its significant customers or counterparties fails to comply with applicable regulations, that company could be subject to monetary and administrative penalties, increased compliance costs or a curtailment of its authority to conduct business, any of which could have a material adverse effect on the value of the borrower or issuer.

Further, governmental approvals may be required, and borrowers or issuers in the health care space in which the Funds hold investments may be subject to risks similar to those described in *“Investments in Technology, Internet and Software”* in that respect.

Moreover, in both U.S. and non-U.S. markets, sales of healthcare products and their success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers and other organizations. The continuing efforts of governmental and third-party payors to contain or reduce the costs of healthcare affects the revenues and profitability of healthcare companies. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. There can be no assurance that a borrower’s or issuer’s proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development. Moreover, if reimbursement rates are reduced, or if healthcare providers anticipate reimbursement being reduced, providers may narrow the circumstances in which they prescribe or administer the products of a borrower or issuer or its customers or counterparties, which could reduce the use or sales of such products and thereby have a material adverse effect on the value of the borrower or issuer.

Further, many healthcare companies depend heavily on intellectual property rights, including patents, trademarks and servicemarks, and are subject to similar risks in this respect to those to which companies operating in the technology, software and industry sectors are subject, as further described in *“Investments in Technology, Internet and Software.”*

*Agriculture Investments.* Certain Funds may invest in agriculture-related investments, including farmland or investments in agricultural products or production. Because the demand for agricultural products and farmland usually is correlated with economic conditions prevailing in the local market, which in turn are dependent on the macro-economic condition of the country in which the market is located, the financial condition and results of operations of such portfolio investments are, to a considerable extent, dependent upon political and economic conditions prevailing

from time to time in the country where such Funds operate. In addition, certain countries have historically experienced uneven periods of economic growth, as well as recession, periods of high inflation, economic instability, and severe economic crises that may still have future effects. Any of these adverse economic conditions may occur again in the future, which would have a material adverse effect on such portfolio investments. See also “*Russian Invasion of Ukraine*.”

The growth of the agribusiness sector is affected by the growth of agriculture productivity, changes in consumption patterns, improvements in transportation, consumer preference, public opinion, post-harvest infrastructure, international trade and governmental policies. Since the agribusiness sector is linked to agriculture production, the agribusiness sector is subject to risks including, output market risk, which may affect price levels and price volatility, production risk, which may affect yield levels and volatility, and also input market risks. The agribusiness sector is also subject to interest rate risk, currency risk, legal risks and human resources related risks. Fluctuations or changes related to any of the foregoing factors may have a negative impact on certain of a Fund’s investment opportunities and the value of certain of such Fund’s portfolio investments.

In addition, there are several factors that, if sustained over a long period of time, may affect the price of agricultural products and land prices more generally, *e.g.*: (i) global commodity prices, which historically have been subject to significant fluctuations over relatively short periods of time, depending on worldwide supply and demand as well as speculation; (ii) weather conditions, or natural disasters in areas where agricultural products are cultivated; (iii) worldwide inventory levels (*i.e.*, supply or stock of commodities carried over from year to year); (iv) business strategies adopted by other major companies operating in the agricultural and agribusiness sectors; (v) changes in agriculture subsidies, rebates and other financial incentives with regard to certain important agricultural producers (mainly in the United States and the European Economic Community), farms and farm properties; (vi) trade barriers with regard to certain important consumer markets and the adoption of other government policies affecting market conditions and prices; (vii) available transportation methods and infrastructure development in the regions where certain Funds operate or in remote areas serving local markets and which affect the local prices of the crops from Funds’ agricultural properties; (viii) cost of raw materials; (ix) new market participants, including potential sellers of agricultural products in foreign jurisdiction and/or the consolidation of existing market participants, in particular potential purchasers of agricultural products; (x) new farming technologies or methodologies that may help existing producers increase agricultural output or otherwise improve or create efficiencies to production; and (xi) global supply of and demand for competing commodities and substitutes.

*Infrastructure-Related Investments.* Certain Funds may invest in the acquisition, development or operation of infrastructure and infrastructure-related assets, businesses and companies, whether undertaken directly by a portfolio investment or through contractual arrangements with a counterparty (“Infrastructure Assets”). Such Infrastructure Assets may include, for example, capital improvements to undeveloped land to access and monetizing the land’s water rights, construction of roads or canals upon the land and leasing the land for solar and/or other alternative energy development initiatives and may involve a number of significant risks.

Revenues of issuers of portfolio investments can be affected by a number of factors including economic conditions, political events, competition, regulation and the financial position and business strategy of customers. Unanticipated changes in the availability or price of inputs necessary for the operation of Infrastructure Assets may adversely affect the overall profitability of the investment. For instance, investments in Infrastructure Assets may be affected by the prevailing prices of related commodities such as oil, gas and coal. Furthermore, events outside the control of a portfolio investment in which a Fund invests, such as political action and governmental regulation, demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, toll, tariff and other fee rates, social stability, technical obsolescence, competition from untolled or other forms of transportation, natural disasters (such as fire, floods, earthquakes and typhoons), changes in weather, changes in demand for products or services, defective design or construction, bankruptcy or financial difficulty of a major customer, or acts of war or terrorism and other unforeseen circumstances and incidents could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining or restoring infrastructure facilities. In turn, this may impair a portfolio investment’s ability to repay its debt or even result in termination of an applicable concession or other agreement. As a general matter, the operation and maintenance of Infrastructure Assets or businesses involve various risks, many of which may not be under the control of the owner/operator, including labor issues, failure of technology to perform as anticipated, structural failures and accidents and the need to comply with the directives of government authorities. Furthermore, once Infrastructure Assets become operational, they may face competition from

other infrastructure assets in the vicinity of the assets they operate, the presence of which depends in part on governmental plans and policies.

*Investments in Claims.* Certain Funds may purchase interests in claims and other causes of action, matured or unmatured, contingent or otherwise, of creditors or equity holders of or against any persons, including with respect to parties to litigation or arbitration against companies that have filed for protection under relevant bankruptcy or insolvency laws, or that may seek to reorganize under the laws of the applicable jurisdictions, and rights and options related to any of the foregoing (“Claims”). Certain Funds may purchase an interest in either a single claim or in a pool of claims, such as a pool of insurance subrogation claims held by an insurance carrier. In addition, certain Funds may also receive as collateral, in connection with the making of certain investments, interests in Claims, and such collateral may be received in the form of either a single claim or a pool of claims, with respect to which those Funds would expect to have subrogation rights.

The success of the Funds’ investment in Claims may depend on our (or another person sourcing claims for or on behalf of the Funds, including any vehicle pooling Claims in which the Funds may invest (together “Claim Sourcers”)) ability to identify Claims that will be successful or will match the returns targeted by the Funds. Assessing the values, strengths and weaknesses of a Claim is complex and the outcome is not certain. Our ability or the ability of a Claim Sourcer to evaluate a Claim is dependent on the thoroughness and accuracy of material facts received during due diligence regarding the underlying litigation from each plaintiff, law firm or other stakeholders in the investment (each, a “Litigation Partner”). In some instances, legal privileges and other confidentiality restrictions, such as court orders, restrict access to information about potential investments. If a prospective Litigation Partner withholds material facts from us or a Claim Sourcer, or certain material facts are not known, we or the Claim Sourcer may select an investment that it would not otherwise have selected if all material facts were known, which may adversely impact the Funds’ investment performance. In addition, the success of the Funds’ investments are dependent on the performance of certain Litigation Partners, and there can be no guarantee that all such Litigation Partners perform to the standard expected from them. Moreover, litigation is an inherently risky and unpredictable undertaking regardless of the extent and quality of the diligence and investigation undertaken.

Parties to a litigation must have the ability to pay a judgment or award if a case outcome ultimately is successful. Prior to investing in a Claim, we or the Claim Sourcer will assess the ability of the opposing party to pay. However, if the party is unable to pay or challenges the validity of a judgment or award or if a plaintiff challenges the Funds’ entitlement to a share of a judgment, award or settlement, the Funds may have difficulties ultimately collecting their share of monetary judgments or settlements. Consequently, the Funds may be subject to a loss of their entire investment in a Claim.

In addition, various laws and professional regulations addressing litigation generally, are complex and subject to constant change and uncertainty. There is a risk that the Funds will make an investment in a Claim in a certain jurisdiction that carries with it a risk that such investment agreement may not be enforced given the uncertainty as to the applicable law and regulations. The Funds intend to analyze the aforementioned legal and ethical issues as appropriate on an ongoing basis. However, in many jurisdictions, the relevant issues may not have been considered by the courts or addressed directly by statute and/or may be subject to change, so obtaining definitive legal advice may not be possible.

In addition to an investment in a Claim (or group of Claims), the Funds may also make investments with exposure to such Claims, such as in related issuers or borrowers that we believe are likely to be affected by the outcome of such Claims. The Funds may also invest in different parts of the capital structure of a portfolio investment that is the subject of a Claim based on our views of the expected outcome of such Claim. The Funds may also invest in a counterparty or customer of a portfolio investment to which a Claim relates or that may have an interest in the applicable Claim. The risks involved in these types of investments are significant and rely on our ability to accurately determine both the outcome of a Claim and/or the consequences that such outcome would have on the different parts of the portfolio investment’s capital structure, a portfolio investment’s ability to satisfy its contractual obligations and on third-party claimants.

*Energy-Related and Alternative or Renewable Energy Investments.* Certain Funds may invest in the energy sector, which is typically regulated to varying degrees, including with respect to electric generation and transmission as well as oil, natural gas and coal production, storage, handling, processing, and transportation. Statutory and regulatory

requirements may include restrictions imposed by energy, zoning, and land use, safety, labor and other regulatory or political authorities.

Borrowers or issuers in the energy industry in which a Fund invests may be significantly affected by competition from new and existing market entrants, obsolescence of technology, short product cycles, varying prices and profits, commodity price volatility, changes in exchange rates, imposition of import controls, depletion of resources, technological developments and general economic conditions, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects and tax and other governmental regulations.

It is possible that changes to applicable regulations or regulatory practice could have adverse consequences for an investment of a Fund. Ordinary operation or the occurrence of an accident with respect to an energy asset could cause major environmental damage, which may result in significant financial distress to such asset. In addition, persons who arrange for the treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons.

Separately, certain environmental laws and regulations may require that an owner or operator of an energy asset address prior environmental contamination, which could involve substantial cost. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination.

*Insurance-Related Investments.* Certain Funds have invested and expect to continue to invest in the insurance sector, which may include acquisitions of insurance companies and businesses (or blocks of insurance businesses), and acquisitions of liability portfolios, each of which could require significant additional capital and skilled personnel.

We may experience challenges identifying, financing, consummating and integrating such acquisitions and transactions. While we have reviewed various opportunities and the Funds have successfully completed transactions in the past to facilitate the acquisition of insurance companies and liability portfolios, significant competition exists in the market for profitable insurance businesses. Such competition is likely to intensify as insurance businesses become more attractive targets. It is also possible that merger and acquisition transactions will become less frequent, which could also make it more difficult for the Funds or any company in which the Funds hold a portfolio investment (including any insurance-related platform company) to implement their respective growth strategies. Thus, in the future, we may not be able to find suitable opportunities that are available at attractive valuations, or at all. Even if we do find suitable opportunities, we may not be able to consummate the transactions on commercially acceptable terms.

In addition, the insurance sector is a highly regulated sector globally, and insurance operations in the United States, Europe and other jurisdictions are subject to a complex and extensive array of laws and regulations that are administered and enforced by a variety of insurance regulators, securities administrators, banking authorities and other regulators, and the failure to comply with these laws and regulations could subject the Funds and/or the companies in which they hold portfolio investments to administrative penalties imposed by a particular governmental or regulatory authority, unanticipated costs associated with remedying such failure or other claims, harm the reputation of the Funds and/or the companies in which they hold portfolio investments, or interrupt their operations, any of which could have a material and adverse effect on the Funds' financial position, results of operations and cash flows. Relatedly, governmental and regulatory authorities worldwide have become increasingly interested in potential risks posed by the insurance industry as a whole, and to commercial and financial systems in general, including the role of alternative investors and owners (such as the Funds). While we cannot predict the exact nature, timing or scope of possible governmental initiatives, there may be increased regulatory intervention in the insurance and financial services industry in the future, including with a particular focus on the role of investors such as the Funds.

Furthermore, each regulator retains the authority to license insurers in its jurisdiction and an insurer generally may not operate in a jurisdiction in which it is not licensed. The Funds' and the Funds' portfolio investments' ability to retain and maintain these licenses depends on their ability to meet the requirements established by each such regulator. Some of the factors influencing these requirements are out of our control. In addition, licensing regulations differ as to products and jurisdictions and may be subject to interpretation as to whether certain licenses are required with respect

to the manner in which the Funds or the companies in which they hold portfolio investments may sell or service products in certain jurisdictions. The degree of complexity is heightened in the context of products that cover risks in multiple jurisdictions. If the factors discussed above adversely affect the Funds or the companies in which they hold portfolio investments or a regulator interprets a licensing requirement differently than we do and Sixth Street, the Funds and such companies are unable to meet the relevant requirements, they may not be able to obtain, or could lose, licenses to do business in certain jurisdictions; be subject to additional regulatory oversight; have their licenses suspended; be subject to rescission requests, fines, administrative penalties or payments to policyholders; or be subject to seizure of assets. Any such inability to obtain, loss or suspension of a license or an inability to be able to sell or service certain insurance products in one or more jurisdictions may negatively impact the reputation of Sixth Street, the Funds and/or the companies in which they hold portfolio investments in the insurance market and result in their inability to write new business, distribute funds or pursue our investment/overall business strategy, and may have a material adverse effect on their business, financial condition, results of operations, liquidity, cash flows and prospects.

*Investments in Developing Market Countries.* Certain Funds make investments in developing market countries. Investments in developing market countries may be subject to more substantial risks related to political and macro-economic conditions, such as significant currency fluctuations, changes in governmental controls over the economy and high rates of inflation. Many developing market countries have experienced these problems in the past, and these factors may have a materially adverse effect on a Fund's investments.

Moreover, the economies of developing market countries generally are more heavily dependent upon international trade than developed market countries and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Expropriation, confiscatory taxation, nationalization, political, economic or social instability or other developments could adversely affect Fund assets held in particular developing market countries.

Laws and legal standards in many developing market countries differ from those in developed markets. The general trend the protection afforded foreign investment. This positive trend in economic legislation, however, may slow, cease or reverse, particularly in the event of a change in leadership, social disruption, or other circumstances. In addition, many developing market countries do not have well-developed shareholder or creditor rights and provide inadequate legal remedies for breaches of contract (e.g., a shareholder or credit agreement). A Fund's ability to bring suit against a developing market entity in which the Fund invests, or such entity's directors, executive officers or shareholders, may be limited. In particular, a Fund may invest in jurisdictions outside of the developed markets (including the United States) and, in connection with such investment, will be subject to the risks of developing markets outlined above. The limited or inadequate legal protections obtained by the Fund in respect of investments in these markets could have a material adverse effect on the Fund or any such investment.

*CDSs.* Certain Funds may purchase and sell credit derivatives contracts, including credit default swaps ("CDSs"), both as an independent portfolio investment and/or for hedging purposes. The typical CDS is a synthetic instrument that requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value, generally determined under a CDS auction, of debt obligations issued by the reference entity that meet the deliverability criteria of the CDS contract. In return, the buyer typically agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. A Fund may also purchase and sell CDSs on a basket of reference entities. In addition, certain Funds may purchase and sell structured CDS instruments that reference one or more underlying indexes, issuers or instruments.

As a purchaser of a CDS, there may be circumstances where the relevant Fund would not be able to realize the full value of the CDS. For instance, in circumstances in which a Fund does not own the debt securities that are deliverable under a CDS, the Fund would be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices. In addition, in certain instances of issuer defaults or restructurings, it has been unclear under standard industry documentation for CDSs where or not a "credit event" triggering the seller's payment obligation had occurred. On the other hand, as a seller of CDSs, a Fund would also be subject to the risk of gaps, interpretive issues under CDS documentation and other risks described above, would incur leveraged exposure to the credit of the reference entity, would not have legal recourse against the reference entity and would not directly benefit from collateral securing the reference entity's debt obligations. In addition, following a credit event, the CDS buyers would have broad discretion to select which of the reference entity's debt obligations to deliver into the CDS

auction and would likely choose the available obligations with the lowest market value, which would adversely affect the CDS auction price and the Funds' resulting obligations. Furthermore, CDSs generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such CDS positions when established or when subsequently traded or unwound under actual market conditions.

*Nature and Risks of CLO Liabilities.* Certain Funds may invest in both investment grade and non-investment grade debt tranches ("CLO Liabilities") of CLOs and CLO Equity.

As a general matter, the only funds available to make payments on CLO Liabilities are distributions on the Underlying Loans (as defined below). If distributions on such Underlying Loans are insufficient to make payments on the CLO Liabilities (after, in the case of subordinated CLO Liabilities, making all required payments to all senior classes of CLO Liabilities), no other assets will be available for payment of the deficiency. As a result, the inability of the obligors on the Underlying Loans to meet their debt obligations would be expected to adversely affect the Funds.

In addition, certain classes of CLO Liabilities, including CLO Liabilities in which certain Funds may invest, are subordinated to other classes of CLO Liabilities. No payments of interest or distributions from interest proceeds will be made on any class of CLO Liabilities until interest due on the more senior classes has been paid in full, and no payments of principal, other than deferred interest, will be made on any class of CLO Liability until the principal of the more senior classes has been paid in full. To the extent any losses are suffered on the Underlying Loans, such losses will be borne by holders of CLO Liabilities in reverse order of priority.

Subordinated classes of CLO Liabilities may also have fewer rights with respect to events of default than more senior classes. For example, many remedies available to holders of CLO Liabilities may be controlled by the most senior class. Remedies pursued by the holders of the most senior class of CLO Liabilities could be adverse to the interests of the subordinated classes, and the controlling class will have no obligation to consider any possible adverse effect on such other classes. Additionally, if an event of default occurs, the holders of subordinated classes of CLO Liabilities may not have the right to determine the remedies to be exercised under the applicable indenture until all more senior classes have been paid in full. There is no assurance that any funds will remain to make distributions to the holders of subordinated classes of CLO Liabilities following the liquidation of the Underlying Loans and the application of proceeds.

*Nature and Risks of CLO Equity.* CLO Equity represents the most junior interest in the capital structure of a CLO, is not rated by any rating agency and, unlike the classes of CLO Liabilities issued by a CLO, is not secured by the underlying assets held by such CLO. As such, the holders of the CLO Equity, including the Funds, will rank behind all of the creditors, whether secured or unsecured and known or unknown, of the CLO, including, without limitation, the holders of all the classes of CLO Liabilities issued by the CLO. Consequently, the CLO Equity is the first part of the CLO's capital structure to incur losses, will be directly affected by any losses or delays in payment on the related loans underlying CLOs ("Underlying Loans") and may be subject to 100% loss. The performance of CLO Equity of any particular CLO will depend, among other things, on the level of defaults experienced on the related Underlying Loans, as well as the timing of such defaults and the timing and amount of any recoveries on such defaulted Underlying Loans and the impact of any trading of the related Underlying Loans.

In addition, while the CLO Liabilities are outstanding, the CLO Equity will not generally be entitled to exercise remedies under the CLO's indenture.

*Certain Securitization and Structured Finance Risks.* To finance investments, certain Funds may securitize or otherwise repackage certain of their investments, including through the formation of a real estate investment trust or one or more CLOs, collateralized debt obligations and/or other similar securities, while retaining all or most of the exposure to the performance of these investments. This would typically involve creating an investment vehicle, contributing a pool of Fund assets to such vehicle or a related entity, and selling debt interests in such entity on a non-recourse or limited-recourse basis to purchasers.

If a Fund creates such an investment vehicle, the Fund will depend on distributions from the investment vehicle's assets out of its earnings and cash flows to enable the Fund to make distributions to investors. The ability of such an investment vehicle to make distributions will be subject to various limitations, including the terms and covenants of the debt it issues. For example, tests (based on interest coverage or other financial ratios or other criteria) may restrict

a Fund's ability, as holder of an investment vehicle's equity interests, to receive cash flow from these investments. There is no assurance any such performance tests will be satisfied. Also, an investment vehicle may take actions that delay distributions in order to preserve ratings and to keep the cost of present and future financings lower. As a result, there may be a lag, which could be significant, between the repayment or other realization on a loan or other assets in, and the distribution of cash out of, such an investment vehicle, or cash flow may be completely restricted for the life of the relevant investment vehicle.

We expect that the terms of the financing that any investment vehicles enter into will generally provide that the principal amount of assets must exceed the principal balance or market value of the related debt by a certain amount, commonly referred to as "over-collateralization." We anticipate that the financing terms may provide that, if certain delinquencies and/or losses exceed specified levels, the required level of over-collateralization may be increased or may be prevented from decreasing as would otherwise be permitted if losses or delinquencies did not exceed those levels. Failure to obtain favorable terms with regard to over-collateralization may materially and adversely affect the liquidity of a Fund. If assets held by such investment vehicles fail to perform as anticipated, their over-collateralization or other credit enhancement expenses may increase, resulting in a reduction in income and cash flow to the Fund from these investment vehicles.

In some cases, relatively short-term credit facilities may be used to finance the acquisition by an investment vehicle of loans and other assets until a sufficient quantity of assets is accumulated, at which time the assets may be refinanced through a portfolio-level financing, such as a securitization. As a result, if a Fund uses this approach, it will be subject to the risk that it will not be able to acquire, during the period the short-term facilities are available, a sufficient amount of eligible assets for the purposes of a securitization. A Fund will also bear the risk that it will not be able to obtain such short-term credit facilities or may not be able to renew any short-term credit facilities after they expire should it find it necessary to obtain extensions for such short-term credit facilities to allow more time to seek and acquire the necessary eligible instruments for a long-term financing. Inability to renew or extend these short-term credit facilities may require a Fund to seek more costly financing for these assets or to lose the ability to utilize them in connection with a securitization.

In addition, a decline in the credit quality of loans in an investment vehicle due to poor operating results of the relevant borrower, declines in the value of loan collateral or increases in defaults, among other things, could force an investment vehicle to sell certain assets at a loss, reducing its earnings and, in turn, cash potentially available for distribution to a Fund for distribution.

The equity interests that a Fund will hold in such an investment vehicle will not be secured by the assets of the investment vehicle, and the Fund will rank behind all known or unknown creditors, whether secured or unsecured, of the investment vehicle. To the extent that any losses are incurred by the investment vehicle in respect of any collateral, such losses will be borne first by the Fund as owner of equity interests.

*Structured Finance Securities.* Certain Funds may invest in structured finance securities, CLOs, collateralized debt obligations and/or other instruments. Structured finance securities are generally debt securities that entitle the holders thereof to receive payments of interest and principal that depend primarily on the cash flow from or sale proceeds of a specified pool of assets, either fixed or revolving, including commercial loans (including equipment loans and leases and corporate and credit card receivables), royalty payments, consumer loans (including auto loans and leases and student loans), commercial and residential mortgages, high-yield and investment grade debt, structured securities and derivative instruments relating to debt, that by their terms convert into cash within a finite time period, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities.

Investing in structured finance securities entails various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks, geographical concentration risks, basis risks and legal risks. Structured finance securities are subject to the significant credit risks inherent in the underlying collateral and to the risk that the servicer fails to perform. Such securities may include credit enhancements designed to raise the overall credit quality of the security above that of the underlying collateral, but insurance providers and other sources of credit enhancement may fail to perform their obligations.

Structured products include fixed pools and "market value" or managed pools of collateral, including commercial loans (including equipment loans and leases and corporate and credit card receivables), royalty payments, consumer



loans (including auto loans and leases and student loans), commercial and residential mortgages, high-yield and investment grade debt, structured securities and derivative instruments relating to debt. These asset pools are typically separated into tranches representing different degrees of credit quality, with lower rated tranches being subordinate to senior tranches. The senior tranches of such structured finance products, which represent the highest credit quality in the pool, have the greatest collateralization and typically pay the lowest spreads over U.S. treasuries. Lower-rated tranches of such structured finance products represent lower degrees of credit quality and typically pay higher spreads over treasuries to compensate for the attendant risks. The bottom tranches typically receive the residual interest payments (*i.e.*, money that is left over after the higher tiers have been paid) rather than a fixed interest rate. The returns on the junior tranches of such structured finance products are especially sensitive to the rate of defaults in the collateral pool. In addition, the exercise of redemption rights, if any, by more senior tranches of such structured finance products and certain other events could result in an elimination, deferral or reduction in the funds available to make interest or principal payments to the junior tranches. Similarly, to the extent redemption, call or other rights are held by the holders of more junior tranches, the exercise of such rights could adversely impact more senior tranches, including in circumstances where holders of more senior tranches may have preferred to remain invested, and/or contractual counterparties with interests relating to the underlying assets or the securitization vehicle itself. The applicable Funds expect that some structured finance securities they may hold will be subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets, and a single Fund may invest in both senior and bottom tranches of structured products. In addition, many of the related transactions have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. Consequently, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates. Additionally, as a result of cash flow being diverted to payments of principal of more senior classes, the average life of such securities may lengthen.

Structured finance securities are also subject to the risks of the assets securitized. In particular, they are subject to risks related to the quality of the control systems and procedures used by the parties originating and servicing the securitized assets. Deficiencies in these systems may negatively affect the value of the securities, including by resulting in higher-than-expected borrower delinquencies or the inability to effectively pursue remedies against borrowers due to defective documentation.

Finally, there can be no assurance that a liquid market will exist in any structured finance product when a Fund seeks to sell its interest therein and it is possible that a Fund's investment in such structured finance products will be subject to certain contractual limitations on transfer. This could prevent a Fund from exiting such an investment when it would be most beneficial to returns to investors and may cause the Fund to incur losses that it otherwise would not have.

*Market Conditions.* Market and economic conditions throughout the world materially affect a Fund's investments. These conditions include

- interest rates;
- availability and terms of credit;
- credit defaults;
- inflation rates;
- economic uncertainty;
- changes in laws;
- regulatory interventions and changes in regulation;
- changes in fiscal and monetary policies;

- trade barriers;
- commodity prices;
- currency exchange rates and controls; and
- national and international political, environmental and socioeconomic circumstances.

Difficult market conditions also adversely affect a Fund and its returns by reducing the value or performance of its investments or by reducing its ability to raise or deploy capital.

In particular, the value of loans or debt instruments held by a Fund may be adversely affected by the financial condition of the underlying borrowers or issuers, the industry in which the borrower or issuer operates, general economic or political conditions, interest rate fluctuations, the condition of the debt trading markets and certain other financial markets or the early prepayment of the loan or a default of the borrower or issuer. The value of other credit investments in which certain Funds invest may also be adversely affected by similar factors.

In addition, our view of macroeconomic conditions influences our investment approach and investment decisions. If our beliefs regarding market conditions turn out to be incorrect, investments made based on certain expectations of future performance of certain markets and industries may perform worse than anticipated, or we have chosen not to make investments which, if made, would have performed well. In particular, our views and beliefs regarding the credit markets may prove to be incorrect and, among other things, structural changes or other events which we believe may lead to significant disruptions in credit markets or otherwise result in market dislocations and periods of heightened volatility during a Fund's term may not materialize, or may not have the impact that we anticipate. In such circumstances a Fund may invest during a placid or otherwise unfavorable investment environment given their investment strategy, and as a result the Funds may be unable to deploy capital as quickly, in the amounts or in the strategies anticipated, and investors' returns may be negatively impacted as a result.

Separately, pandemics can cause the market value of certain instruments (whether debt or equity instruments) to decline substantially and experience a material increase in defaults and impairments, and can create market volatility and liquidity issues (including as a result of government measures adopted to slow the spread of a pandemic). As such, to the extent the Funds make any investments during periods of market volatility related to a given pandemic, the Funds will be particularly sensitive to changes in the value or performance of their investments. For example, as a result of the COVID-19 pandemic, a number of significant measures were adopted by the governments of the United States and many other countries in order to slow the spread of the pandemic and to counter the disruption to economic activity resulting from both COVID-19 and actions intended to slow COVID-19. The expiration or unwinding of such measures has the potential to cause further market volatility or economic disruption, which may in turn adversely impact portfolio investments of the Funds and the Funds' overall performance.

*Russian Invasion of Ukraine.* On February 24, 2022, Russian troops began a full-scale invasion of Ukraine, and, as of the date hereof, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union ("EU"), and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures in response to Russia's actions against Russia and certain entities and individuals. The ongoing conflict and the rapidly evolving measures in response could be expected to have a negative impact on the economy and business activity globally (including in countries in which the Funds invest), and therefore could adversely affect the performance of the Funds' investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, present material uncertainty and risk with respect to the Funds and the performance of their investments and operations, and the ability of the Funds to achieve their investment objectives. Additionally, to the extent that portfolio investments or their customer bases or supply chains, service providers to portfolio investments or the Funds, or certain other parties with which the Funds interact have material operations or assets in or other exposure to Russia, Ukraine, Belarus or the immediately surrounding areas, they may suffer adverse consequences related to the ongoing conflict, which in turn would be expected to adversely affect the Fund and its returns.

*Eurozone Risks.* Certain Funds expect to invest from time to time in European borrowers and issuers that have

operations affected by the Eurozone economy. In 2010 and 2011, concerns emerged over potential default of certain European Union member states and the stability of the Eurozone as a whole. Actions taken by European leaders and the European Central Bank served to mitigate these risks, but these concerns could re-emerge which would likely have an adverse impact on the European and global economy and, consequently, on the Funds.

Despite attempted harmonization of relevant regulations and standards across the European Union, there may be less publicly available information about companies in certain jurisdictions than would be the case for comparable companies domiciled in developed markets (including certain Western European markets and the United States) and such companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of the United States or other more developed markets.

Certain countries may also require governmental approval prior to investments by the Funds, or limit the amount of investment by the Funds in a specific class, trade or type of investment that may have less advantageous terms than the classes, trades or types available for purchase by competitors. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Funds of restrictions on investments.

*Financial Market and Interest Rate Fluctuations.* General fluctuations in the market prices of securities and interest rates may affect the value of certain investments held by the Funds. Price movements in the Funds' assets may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Funds are exposed to the risk of failure of any of the exchanges on which they position trade of their clearinghouses. Volatility and instability in the securities markets may also increase the risks inherent in the Funds' investments. The ability of companies or businesses in which the Funds may invest to refinance debt securities may depend on their ability to sell new securities in the high yield debt or bank financing markets, which may be difficult to access at favorable rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

*Changes in the Political Environment of the United Kingdom and Europe.* The United Kingdom ("UK") ceased to be a member of the EU on January 31, 2020 (commonly referred to as "Brexit") and entered into a transition period. This transition period lasted until December 31, 2020. The UK and the EU agreed to the EU-UK Trade and Cooperation Agreement 2020 ("EU-UK TCA") on December 24, 2020, which now governs the trading relationship between the UK and the EU. The precise impact of the EU-UK TCA remains to be seen and a certain amount of political, legal, regulatory, tax and economic uncertainty is likely to persist. In particular, difficult market conditions caused by uncertainty created by the end of the transition period (including volatility in global stock markets and currency exchange rates) could have an effect on investment opportunities. Considerable uncertainty is likely to continue as to the position of the UK and the arrangements that will apply to its relationships with the EU and other countries following its withdrawal. This uncertainty may affect other countries in the EU, or elsewhere, if they are considered to be impacted by Brexit. The future impact of Brexit on the Funds following the expiry of the transition period is difficult to predict but it may adversely affect the return on the Funds and their investments. There could be adverse implications for the value of certain of the Funds' investments, their ability to enter into transactions or to value or realize such investments or otherwise to implement its investment program.

*Libor and Other "IBOR" Rates.* Libor, the London Interbank Offered Rate, is an estimate of the interest rate to borrow U.S. dollars in the London unsecured interbank market, and is widely used as a reference for setting the interest rate on loans, bonds, and derivatives globally. Other comparable "IBOR" rates, such as EURIBOR, perform a similar function with respect to Euros, sterling and certain other currencies.

The United Kingdom's Financial Conduct Authority ("FCA") regulates Libor. On July 27, 2017, the head of the FCA made remarks indicating that Libor, in its current form, will be phased out as a benchmark rate by the end of 2021.

At the end of January 2021, the Federal Reserve Board, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation released a statement that (i) encouraged banks to cease entering into new contracts that use U.S. dollar Libor as a reference rate as soon as practicable and in any event by December 31, 2021, (ii) indicated that new contracts entered into before December 31, 2021 should either utilize a reference rate other than U.S. dollar Libor or have robust fallback language that includes a clearly defined alternative reference rate after the discontinuation of U.S. dollar Libor and (iii) explained that extending the publication of certain U.S. dollar Libor tenors until June 30, 2023 would allow most legacy U.S. dollar Libor contracts to mature before Libor begins experiencing disruptions. As previewed in a proposal of ICE Benchmark Administration Limited from the end of January 2021, one week and two month U.S. dollar Libor tenors ceased to be published on December 31, 2021, and it is expected that the remaining tenors of U.S. dollar Libor will cease to be published and/or no longer be representative on June 30, 2023 in the United States.

The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee established by U.S. regulators, is also recommending replacing U.S. dollar Libor with a new reference rate derived from short-term repurchase agreements backed by Treasury securities, the Secured Overnight Financing Rate (“SOFR”). Regulators in other countries are also proposing the replacement of various other IBORs. For instance, on December 31, 2021, the following Libor currencies across all tenors ceased to be published: Sterling (GBP) Libor, EURIBOR, Japanese Yen (JPY) Libor and Swiss Franc (CHF) Libor. In addition, as of January, 1, 2022, global regulators have stated there can be no new Libor-linked origination and or issuance in any Libor currency and as such, remaining Libor tenors may only be referenced on a legacy basis for facilities that funded on or before December 31, 2021. However, certain market constituencies have criticized SOFR’s suitability as a Libor replacement, and the extent of SOFR-based instruments issued or trading in the market remains a fraction of Libor -based instruments.

A number of the Funds’ investments have interest rates with a Libor reference. As a result, the transition away from Libor could adversely impact the Funds. Even if replacement conventions (e.g., SOFR) are adopted in the lending and bond markets, it is uncertain whether and how they might affect the Funds as investors in floating-rate instruments, including by: (a) affecting liquidity of the Funds’ investments in the secondary market and their market value; (b) reducing the interest rate earned by the Funds as a holder of such investments (either generally or in certain market cycles) due to the use of a collateralized, overnight rate and credit spread adjustments instead of an unsecured, term rate; or (c) causing the Funds to incur expenses to manage the transition away from Libor. Also, while it is common for recently issued instruments to contemplate a scenario where Libor is no longer available by providing for an alternative rate setting methodology and mechanisms to amend the applicable reference rate, not all instruments have such provisions and there are significant uncertainties regarding the effectiveness of any such alternative methodologies. As such, the Funds may need to renegotiate the terms of credit agreements with certain issuers of investments that utilize Libor in order to replace it with the new standard convention that is established, which could result in increased costs for the Funds.

The Funds may also enter into swaps and similar instruments that reference Libor, including swaps used to manage long-term interest rate risk related to assets and/or liabilities. In addition to the Funds potentially needing to renegotiate some of those instruments to address a transition away from Libor, there also may be different conventions that arise in different but related market segments, which could result in mismatches between different assets and liabilities and, in turn, in possible unexpected gains and/or losses for the Funds. In addition, some of the standard conventions under consideration, including SOFR, are conceptually different than Libor, in that they are overnight, secured rates instead of unsecured, term rates, which could behave differently from Libor in ways that cause the Funds to owe greater payments or receive less payments under its derivatives, at least during certain market cycles. Some of these replacement rates may also be subject to compounding or similar adjustments that cause the amount of any payment referencing a replacement rate not to be determined until the end of the relevant calculation period, rather than at the beginning, which could lead to administrative challenges for the Funds.

Certain Funds may also make investments in CLO Liabilities and CLO Equity. As such, to the extent that the terms of the applicable CLO instrument do not provide for an alternative rate setting methodology and mechanisms to amend the applicable reference rate in the event of a transition away from Libor, the rate applicable to CLO Liabilities could be “locked in” at the Libor rate immediately preceding the transition, which could result in the applicable CLO paying interest at higher or lower rates as compared to the market rates applicable to similar instruments. In such circumstances, bringing the instrument’s rate in line with market would require requisite consent from CLO noteholders, thereby resulting in outcomes that will be out of the Funds’ control. Even in circumstances where the

terms of the applicable Fund's investment provide for such an alternative rate setting methodology, the CLO manager may have significant discretion as to the applicable replacement rate, which could also result in the selection of a higher or lower rate for such instruments as compared to other similar instruments in the market. In either case, a transition away from Libor could result in situations where the replacement base rate utilized by a CLO issuer to pay its CLO Liabilities is higher than the replacement base rate received on the CLO's Underlying Loans, thereby creating interest rate basis mismatch that may reduce the "spread" (*i.e.*, the difference between the interest collected on the issuer's investments and the sum of the issuer's obligations) that otherwise would be available as credit support and, in turn, affect the creditworthiness of, and returns on, the Funds' Investments. Furthermore, the mechanics implementing any such replacement rates may differ between the corporate loan market in which Underlying Loans are issued, and the structured finance market in which CLO Liabilities are issued.

Furthermore, even though the terms of certain of the Funds' credit facilities may provide for mechanics to amend the credit facilities in order to reflect a replacement rate in the event of a transition away from Libor, the determination of such replacement rate may require further negotiation, including between a Fund's general partner and the applicable lender. There can be no certainty that an agreement between the parties will be reached, and the terms of the Funds' credit facilities may also provide that, during any applicable transition period, the amounts drawn under the Funds' credit facilities may bear interest at a higher rate. In addition, even if an agreement is reached with respect to a replacement rate for Libor, the applicable lender may have the ability to make certain changes to the terms of the Funds' credit facilities to implement the new rate, which the Funds may have no control over.

*Impact of Public Health Epidemics.* A public health crisis, including the global pandemic of an infectious disease such as the current global pandemic linked to the novel coronavirus ("COVID-19"), may materially adversely impact the global economy and may cause or contribute to significant volatility or other adverse events in the financial market. Public health crises such as the outbreak of COVID-19 can develop rapidly and unpredictably, which may prevent governments, companies or others (including Sixth Street and the Funds) from taking timely or effective steps to mitigate or reduce the short-term or long-term adverse impacts caused or contributed to by the crises, and lead to material uncertainty and risk with respect investments generally, including an investment in the Funds. On the other hand, governments and regulatory agencies may take steps to address the impact of a public health crisis, including by placing moratoriums on evictions and foreclosures, placing holds on the shutting off of utilities due to nonpayment and prohibiting late rent fees. In case of a public health crisis, the specific parameters of such measures (and any additional measures) are expected to be subject to change and to evolve over time, and they could adversely impact the performance of the Funds and their investments, including with respect to their investments in loans (including mortgage and consumer loans). There can be no assurance that these interventions by the government will be successful, and if not, the financial markets may experience significant contractions in available liquidity. Our ability to effectively underwrite the risk related to portfolio investments may be significantly and adversely affected by such uncertainty. The extent to which such measures will impact the borrowers or issuers in which the Funds hold portfolio investments across sectors, industries and geographies would be difficult to predict, and measures implemented by governments, central banks and other institutions, if they occur at all, may be disproportionately beneficial or detrimental to such borrowers or issuers or credit instruments relative to others.

Market disruptions in a single country could cause a worsening of conditions on a regional and even a global level. Any or all of a global supply chain shortage or disruption, a slowdown or temporary suspension of business activities (including a slowdown or suspension of operations by regulatory or antitrust authorities), border closures and other restrictions on travel or quarantines imposed in response to a public health crisis or a perceived public health crisis (or other measures implemented by governments or health organizations, including "work from home" requirements), all of which have already occurred in connection with the COVID-19 global pandemic, could have or contribute to significant social unrest and a material negative impact on the economy and business and investment activity in any of the countries, regions, industries or sectors in which the Funds may invest, as well as the global economy, and thereby adversely affect the performance of the Funds and the Funds' investments, including the Funds' ability to source and/or execute investments.

In particular, the financial results of the Funds' investments may be negatively impacted in a material way as a result of the COVID-19 pandemic or another public health crisis (both as a result of market and economic conditions generally and as a result of particular issues affecting such persons or their industries) and affect their ability to service debt obligations or meet debt covenants.

In response to the spread of COVID-19, many businesses, including Sixth Street, have encouraged or mandated that their personnel work from home in an effort to help slow the spread of the pandemic, and such circumstances are expected to persist for a significant period of time. To the extent personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, our business will be more vulnerable to cybersecurity incidents and cyberattacks, and other weaknesses in our operational and control environment, and could have more difficulty resuming normal operations in the event it is the target of such incident or attack, or otherwise suffers a breakdown of operations or control. See “*Cybersecurity Risk*” and “*Risk Management; Operational Controls*” for additional discussion of cybersecurity and operational risks.

The COVID-19 global pandemic or the outbreak of another infectious disease or other public health crisis could also have a material adverse effect on the Funds’ business prospects, financial condition and operations as a result of the inability of the Sixth Street employees and/or third-party service providers and other counterparties to render adequate services (including sourcing or executing investments), to or otherwise fully support the administration and operation of, the Funds and their investments, potentially for an extended period of time.

*Inflation.* Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Funds’ returns.

*Non-U.S. Investments.* The Funds make investments outside of the United States, including in certain developing foreign markets. Investments in the debt or securities of foreign issuers may be restricted or controlled to varying degrees. These investments require consideration of certain risks typically not associated with investing in U.S. loans, securities or property, including, among other things:

- trade balances and imbalances and related economic policies;
- potential price volatility in, and relative illiquidity of, some non-U.S. securities markets;
- unfavorable currency exchange rate fluctuations;
- imposition of exchange control regulation by the U.S. or foreign governments;
- U.S., foreign or other withholding taxes;
- limitations on the removal of funds or other assets;
- extensive government regulation of, and involvement in, certain industries, public and private markets and the economy as a whole;
- policies of governments with respect to possible nationalization of their industries; and
- political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States, including the making of investments through local holding companies or undertaking transactions through local intermediaries.

There is generally less publicly available information about foreign companies than would be the case for comparable companies in the United States, and certain foreign companies are not subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Some countries require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular company or restrict investment by foreign persons to a specific class of securities of a company that have less advantageous terms than the classes available for purchase by nationals. Certain countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. Delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as the application to the Fund of restrictions on investments, could adversely affect a Fund. In addition, because a Fund's investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in those currencies.

*Certain Regulatory Risks.* The Funds may be presented with the opportunity to make investments that could result in filing and/or regulatory obligations being imposed on investors. For example, the Funds could make an investment in a jurisdiction that looks through pooled investment vehicles for purposes of determining ownership or control. Similarly, the Funds may make an investment in a regulated industry, investments in which are subject to attribution rules for all or certain categories of indirect investors under the laws of the applicable jurisdiction. In each case, such look-through attribution or similar rules or regulations may result in the Funds' investment holdings being aggregated with investments held by the investors or their affiliates under particular regulatory and/or legal regimes, which could trigger filing or other regulatory obligations for such investors or their affiliates. If a Fund's general partner determines that a potential investment may result in filing and/or regulatory obligations or risks for some or all of its investors, it may determine not to proceed with the proposed investment or may excuse particular investors who are the subject of such risks or obligations from making all or any portion of a capital contribution to such investment.

Further, current or future exiting regulatory or legal regimes (and rules and regulations related thereto, which may change from time to time), may result in filing and other regulatory obligations for the Funds by virtue of the Funds' underlying ownership. For example, the Funds may be subject to certain filings obligations or other regulatory burdens in particular jurisdictions or in connection with the making of investments in particular industries by virtue of fact that ownership or voting by foreign investors in the Funds exceeds a particular threshold. If a Fund's general partner determines that a potential investment may result in filing and/or regulatory obligations or risks for a Fund or its general partner, it may determine not to proceed with the proposed investment or may exclude a particular investor (or group of investors) from making all or any portion of a capital contribution to such investment. Nonetheless, such exclusion may not be sufficient to mitigate the concerns of the applicable regulator or regulatory regime. Further, the Funds may not have sufficient remedies to address a situation where regulatory scrutiny of a portfolio investment arises after the investment has already been made. To the extent foreign persons comprise a significant percentage of a Fund's capital commitments and have substantial voting interests, this would heighten the foregoing risks.

*Changes in Laws or Regulations.* Changes to the laws and regulations governing a Fund's operations may cause the Fund to alter its investment strategy in order to take advantage of new or different opportunities. These changes could result in material differences to the strategies and plans described herein and may result in the Fund's investment focus shifting. In addition, such changes could make it materially more difficult for the Fund to pursue its investment objectives and could have a material adverse effect on the business and prospects of the Fund and its portfolio investments and, consequently, the returns to investors.

*Legal and Regulatory Risks.* The regulatory considerations affecting the ability of the certain Funds to achieve their investment objectives are complicated and subject to change. In the United States, certain parts of Europe and other jurisdictions, the private funds industry has been subject to criticism by politicians, regulators and market commentators. Negative perception of this industry could make it harder for funds sponsored by alternative management firms, such as the Funds, to bid for and complete investments successfully.

This increased political and regulatory scrutiny of the private funds industry was particularly acute during the recent global financial crisis and lawmakers and regulators continue to focus on the private funds industry.

For example, as discussed in "*Increased Regulatory Oversight*," U.S. law now requires the U.S. Department of Treasury, the SEC and other U.S. regulatory agencies to implement extensive financial regulatory reform legislation

adopted by the U.S. Congress. Such reforms require, among other things, registration and increased regulation of alternative management firms and disclosure with respect to such firms and the funds they sponsor that could impact the general partners' management of the Funds. Other jurisdictions, including the European Union, have passed and are in the process of implementing similar measures. Such increased regulatory burdens and reporting requirements may divert the attention of personnel and may furthermore place the Funds at a competitive disadvantage to the extent that Sixth Street or companies in which other Funds or Related Funds invest are required to disclose sensitive business information. We would also expect certain Funds to be subject to regulatory inquiries concerning their securities positions and trading. There is therefore the risk that burdensome new laws (including tax laws) or regulations or changes in applicable laws or regulations or in the interpretation or enforcement thereof, specifically targeted at the private funds industry, or other related regulatory developments could adversely affect the Funds, the general partner of a Fund and/or the Sixth Street Adviser, including by increasing their exposure to potential liabilities and to legal, compliance and other related costs.

Political and social instability in the future may also adversely affect the Funds' investments. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic and social conditions. Such disruptions or other similar circumstances could have a material adverse effect on the business and prospects of the Funds and their portfolio investments.

*Increased Regulatory Oversight.* The financial services industry generally, and the activities of private investment funds and their managers, in particular, have in recent years been subject to intense and increasing regulatory oversight. For example, the SEC has demonstrated an increased focus on private equity fund managers. In addition to these legislative developments and those described below, other jurisdictions, including many European jurisdictions, have proposed modernizing financial regulations and have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, private investment funds. Such scrutiny may increase the Funds, their general partners' and their management companies' exposure to potential liabilities and to legal, compliance and other related costs. There is also a material risk that regulatory agencies in the U.S., 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 industry, or other changes that could adversely affect alternative asset management firms and the funds they sponsor, including the Funds. Increased regulatory oversight may impose administrative burdens on the general partners and management companies of the Funds, including, without limitation, responding to investigations and implementing new policies and procedures. Finally, increased reporting, registration and compliance requirements may divert the attention, time and resources of our and/or portfolio investments' personnel and the management teams, and may furthermore place the Funds at a competitive disadvantage to the extent that we or portfolio investments are required to disclose sensitive business information.

The implementation of the U.S. Dodd Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Pursuant to the Dodd-Frank Act, the SEC has adopted rules that require additional reporting by registered investment advisers to private funds, which have added to the costs we incur to comply with our legal, operations and compliance obligations, and those of the management companies of the Funds, and have increased the amount of time that we spend on noninvestment-related activities.

The Dodd-Frank Act currently affects a broad range of financial market intermediaries and other market participants with whom the Funds interacts or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, broker-dealers, futures commission merchants and swap dealers. It is difficult to predict the future of the Dodd-Frank Act or to anticipate the effect of these and other regulatory changes on the Funds and their general partners and management companies, and such continued uncertainty may increase volatility, making it increasingly difficult for us to execute the Funds' investment strategy, and may otherwise negatively impact the operations, cash flows or financial condition of, or impose additional costs on and intensify the regulatory supervision of, the Funds.

The alternative asset management and financial services industries are further subject to a number of legislative initiatives under the Dodd-Frank Act, a key feature of which is the potential extension of prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") to non-bank financial companies that are not currently subject to such regulation but that are determined to pose risk to the U.S. financial system. The



Dodd-Frank Act defines a “nonbank financial company” as a company that is predominantly engaged in activities that are financial in nature. The Financial Stability Oversight Council (the “FSOC”), an interagency body created to monitor and address systemic risk, has the authority to subject such a company to regulation by the Federal Reserve Board (including capital, leverage and liquidity requirements) if the FSOC determines that such company is systemically important in that it poses a risk to the U.S. financial system. The Dodd-Frank Act does not contain any minimum size requirements for such a determination by the FSOC, and it is possible that it could be applied to private funds, particularly large, highly leveraged funds. The FSOC has indicated that it will prioritize an activities-based approach, according to which FSOC will consider the potential systemic risk of products, activities, or practices when considering the need for designations.

The current regulatory environment in the United States may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act.

In addition, the current regulatory environment in the United States may be impacted as a result of United States political developments and events. In particular, changes in the composition of the United States government resulting from the 2020 presidential and congressional elections could result in significant changes in approach regarding various legal and regulatory regimes and policies (such as environmental regulations, privacy protection laws, regulations designed to protect employees, customers and other company stakeholders and limited liability laws). The potential effects of any such changes on the Funds cannot be predicted and may adversely impact the Funds and/or their portfolio investments.

Furthermore, various federal, state and local agencies have been examining the role of placement agents, finders and other similar service providers in the context of investment by public pension plans and other similar entities, including investigations and requests for information, and in connection therewith, new and/or proposed rules and regulations in this arena may increase the possibility that the management companies and general partners of the Funds and their affiliates may be exposed to claims and/or actions that could require an investor to withdraw from the Funds. Relatedly, the Sixth Street Adviser or the general partner of a Fund may be required to provide certain information regarding some of the investors to regulatory agencies and bodies in order to comply with applicable laws and regulations including the U.S. Foreign Corrupt Practices Act and the U.S. Freedom of Information Act (“FOIA”). Furthermore, elements of organized labor and other representatives of labor unions have embarked on a campaign targeting private equity firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio investments. There can be no assurance that the foregoing will not have an adverse impact on the Funds or otherwise impede the Funds’ activities.

In addition, as private fund managers and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private fund industry has recently been subject to criticism by some politicians, regulators and market commentators. The recent negative perception of the private fund industry and in certain countries could make it harder for the Funds to successfully bid for and complete investments.

It is difficult to determine what impact, if any, any increased regulatory scrutiny or initiatives, will have on the private investment fund industry generally or on us and the Funds, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on us or otherwise impede the Funds’ activities, including the ability of the Funds to effect operating improvements or restructurings of an investment or otherwise achieve their objectives.

Separately, the European Union’s Directive 2011/61/EU on Alternative Investment Fund Managers (the “AIFM Directive”), related national legislation and interpretive rules could increase the operating expenses of the Fund and have an adverse effect on the Fund. The AIFM Directive will apply to the Fund’s general partner with respect to the Fund to the extent Fund interests are marketed (within the meaning of the AIFM Directive as implemented in the relevant member states of the EEA, or in relation to the UK, those provisions as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or which have been implemented in UK domestic law, as appropriate) to investors domiciled or with a registered office in the EEA (“EEA Investors”) or the UK (“UK Investors”). The Sixth Street Adviser is not authorized under the AIFM Directive as of the date hereof. However, our marketing of Fund interests to EEA Investors or UK Investors who are professional investors (within the meaning of the AIFM Directive) may lead to the application of certain AIFM Directive transparency requirements, as well as

additional requirements imposed by individual member states of the EEA and the UK.

For additional information regarding recent proposals by the SEC, please see “*New SEC Proposed Rules*.”

*New SEC Proposed Rules.* In early 2022, the SEC proposed several new rules and amendments to existing rules under the Investment Advisers Act specifically related to registered advisers and their activities with respect to private funds (including amendments to Form PF). Among these proposals, the SEC has proposed to limit circumstances in which a fund manager can be indemnified by a private fund; prohibit certain types of clawback provisions; increase reporting requirements (including in reduced timeframes) by private funds to investors concerning performance, fees and expenses and to the SEC regarding certain transactions and other fund and portfolio events and information; require registered advisers to obtain an annual audit for private funds and also require such fund’s auditor to notify the SEC upon the occurrence of certain material events; enhance requirements, including the need to obtain a fairness opinion and make certain disclosures, in connection with adviser-led secondary transactions; prohibit advisers from engaging in certain practices, such as, without limitation, charging private fund clients fees for unperformed services or fees and expenses associated with an examination; and impose prohibitions on certain types of preferential treatment of investors in private funds via side letters or other arrangements with an adviser and new disclosure requirements for all other types of preferential treatment.

The scope and timing of any final rules and amendments with respect to these proposals is unknown. If adopted, even with modification, these rules and amendments could have a significant effect on Sixth Street, the Funds and their operations, including increasing compliance burdens and associated regulatory costs, reducing the ability to receive expense or indemnification reimbursements, and enhancing the risk of regulatory action, including public regulatory sanctions and may result in a change to our practices and create additional regulatory uncertainty. If the proposed rules and amendments are enacted, we would also anticipate the need for, and increased cost of, additional insurance coverage, specifically D&O and E&O insurance. This in turn would be expected to increase the costs and expenses charged to the Funds and their limited partners to the extent of their allocable portion of such insurance coverage pursuant to the applicable Governing Documents. More generally, and to the extent permitted under the applicable Governing Documents, the incremental costs of compliance by the Sixth Street Adviser, the Funds’ general partners and/or the Funds with any new SEC rules will be chargeable to the Funds, which may be significant. The proposed rules and amendments, if adopted, may result in material alterations to how Sixth Street operates its business and/or the Funds, as well as Sixth Street’s implementation of the Fund’s investment strategy, and there can be no assurance that such alterations will not have a material adverse effect on Sixth Street, the Funds’ general partners, the Funds, their portfolio investments and/or the limited partners.

#### *Data Privacy and Security Laws.*

Sixth Street, the Funds and/or our service providers and certain of the Funds’ portfolio investments may each receive, store, process and use personal data. Personal data is generally considered to be information that can be used to identify a natural person, including a name, a photo, an email address, or a computer IP address. In connection with their activities as data controllers, the Funds and/or our service providers and certain of the Funds’ portfolio investments are expected to be subject to a variety of legal regimes, which provide significant protection for personal data and provide penalties for noncompliance. These regimes can impose a number of obligations on data controllers and rights for data subjects, including, among others: (i) accountability and transparency requirements, which will require controllers to demonstrate and record compliance with applicable laws and to provide more detailed information to data subjects regarding processing; (ii) enhanced requirements for obtaining valid consent; (iii) obligations to consider data protection as any new products or services are developed and to limit the amount of personal data processed; (iv) obligations to comply with data protection rights of data subjects; and (v) reporting of personal data breaches to the supervisory authority on a timely basis.

These regimes include the European Union General Data Protection Regulation, the California Consumer Privacy Act and California Privacy Rights Act and the New York SHIELD Act, and the recently effective Personal Information Protection Law promulgated in the People’s Republic of China. In addition, a range of additional laws have been proposed at the federal level and in Texas, Utah, Washington and other states. The costs of compliance with, and other burdens imposed by, these data protection laws will be borne (whether directly or indirectly) by the Funds and may, therefore, affect any returns which that would otherwise be received by investors in the Funds.

*Regulatory and Market Structure Requirements Applicable to Derivatives.* In the United States, the European Union, the UK, Japan, and other major financial markets, regulators have issued or proposed rules such as the Dodd-Frank Act to implement both broad regulatory requirements and broad new structural requirements applicable to over-the-counter (“OTC”) derivatives markets and, to a lesser extent, listed commodity futures (and futures options) markets. These changes are intended to mitigate systemic risk and to enhance transparency and execution quality in the OTC derivative markets, however the impact of these changes is not known at this time. These changes could significantly increase the costs to each Fund of utilizing OTC derivatives, reduce the level of exposure each Fund is able to obtain (whether for risk management or investment purposes) through OTC derivatives, and reduce the amounts available to each Fund to make non-derivative investments. These changes could also impair liquidity in certain OTC derivatives and adversely affect the quality of execution pricing obtained by each Fund, all of which could adversely impact each Fund’s investment returns. It is impossible to predict the consequences of such changes (which may be substantial) on the Funds and their investments.

*Position Limits.* The Dodd-Frank Act significantly expanded the scope of the CFTC’s authority and obligation to require reporting of, and adopt limits on, the size of positions that market participants may own or control in commodity futures and futures options contracts and swaps. The Dodd-Frank Act also narrowed existing exemptions from such position limits for a broad range of risk management transactions. As a result, the CFTC has adopted additional speculative position limits on specified contracts and authorized the CFTC to establish additional economically equivalent position limits in the future, restricted the availability of exemptions from position limits for certain hedging activity and imposed new requirements on U.S. futures exchanges and swap execution facilities to administer position limits and related exemptions. Market participants must comply with the new position limits on future contracts by January 1, 2022, and the new position limits on swaps and the new hedging restrictions by January 1, 2023. In complying with these rules, Sixth Street and its affiliates may be required to aggregate positions in contracts subject to such position limits held by their respective managed funds. Although Sixth Street and its affiliates may put operational or other risk management controls in place to monitor relevant positions held across their businesses, there can be no assurances that such controls will be effective and a failure by Sixth Street or its affiliates to comply with any applicable position limits could have an adverse impact on Sixth Street and/or the Funds (including the imposition of fines or other enforcement action or censure by an exchange or the CFTC). Additionally, the full impact of these recent changes is not known at this time and these requirements could also impair liquidity in certain swaps and adversely affect the quality of execution pricing obtained by the Funds, all of which could adversely impact the Funds’ investment returns.

*Potential Reporting Obligations; Other Regulatory Regimes.* Acquisitions by a Fund of equity securities may result in reporting and compliance obligations under the Exchange Act and the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, or their equivalent regimes in non-U.S. jurisdictions. Portfolio investments may also subject a Fund and, in limited circumstances, its investors, to other regulatory and reporting requirements. Investments in particular industries, including the communications, insurance and mortgage industries, could require the Funds to secure regulatory approvals or licenses, or to disclose information about themselves or their investors. For example, a Fund may need to obtain state licenses to purchase and hold mortgage loans. Applying for and obtaining these licenses could take several months and there is no assurance that a Fund will obtain all desired licenses, in which case their investment options could be restricted. In addition, a Fund will be subject to tax reporting requirements in the United States and possibly in other jurisdictions. The costs of compliance will be borne by the Funds.

*Anti-Money Laundering and Anti-Terrorism Measures.* We or the Funds may become subject to certain anti-money laundering and customer identification requirements promulgated pursuant to any applicable anti-money laundering law and/or regulation, such as the proposed rulemaking noted in “*Increased Regulatory Oversight*.” We will take such steps as we deem reasonably necessary or advisable to comply with any applicable anti-money laundering regulations or policies of financial institutions, service providers or others providing financing or other services to the Funds or a portfolio investment. These steps may include obtaining additional information regarding the identity of investors and their beneficial owners, if any, and disclosing that information to such parties or to law enforcement or regulatory authorities. If the Funds or their portfolio investments were to violate any such laws or regulations, they may face significant legal and monetary penalties.

*OFAC and FCPA Considerations.* Economic sanction laws in the United States and other jurisdictions may prohibit us, a Fund and its portfolio investments from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) administers and

enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit certain investment activities, and if a Fund or its portfolio investments were to violate any such laws or regulations, it may face significant legal and monetary penalties.

The U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws and regulations may also apply to and restrict the activities of certain Funds and their portfolio investments. If a Fund or its portfolio investments were to violate any such laws or regulations, such the Fund or portfolio investment may face significant legal and monetary penalties. Even if an investigation or proceeding does not result in a finding of a violation of any such laws or regulations, or the penalties a regulator imposes against a Fund or its portfolio investment were small in monetary amount, the costs associated with regulatory investigations or adverse publicity relating to the investigation or proceeding could adversely affect the business, financial condition or results of operations of the Fund or portfolio investment. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that a Fund or its portfolio investment becomes the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage may face increased scrutiny and/or liability with respect to the activities of their underlying portfolio investments. As such, a violation of the FCPA or other applicable regulations by a Fund or its portfolio investment could have a material adverse effect on the Fund.

*Environmental, Social and Governance (“ESG”) Considerations and Reporting.* Although Sixth Street does not currently manage any funds or accounts dedicated to ESG or impact investing, Sixth Street nonetheless seeks to cultivate a culture of responsible stewardship of capital and is subject to increasing focus by both regulators and investors on ESG matters, including as a result of recent laws and regulations applicable to our investors which impose certain disclosure obligations on Sixth Street and the Funds.

We have adopted a responsible investment policy under which we assess ESG matters together with financial criteria when making investments and have developed procedures applicable to transaction underwriting and monitoring which are aligned with the United Nations-supported Principles for Responsible Investment, however both Sixth Street’s and the wider alternative investment industry’s approach to ESG matters is still evolving and accordingly we may face unforeseen difficulties in implementing our policy or effectively measuring the success of our efforts.

In particular, for certain Funds, we may provide periodic reports to investors on ESG matters. This reporting will result in us incurring costs (which may be significant) which will be borne by the Funds and investors, and will depend in whole or in part on the complete, timely and accurate reporting from portfolio investments to Sixth Street. While Sixth Street intends to exert appropriate influence under the circumstances to ensure receipt of complete, timely and accurate reports from portfolio investments, Sixth Street does not expect to be able to do so in all cases (including, in particular, with respect to investments in which we have no control or limited influence over underlying issuers or borrowers).

To the extent that investors require us, when evaluating potential investment opportunities, to consider or place material or particular emphasis on ESG-related matters or an investment’s potential to achieve a positive social or environmental impact, we may be influenced to consider an opportunity set for potential investments that is smaller than it would otherwise be absent such considerations (e.g., if seeking to make investments solely on the basis of financial returns), and we may forgo opportunities that are attractive from a financial perspective as a result of such considerations. In addition, although Sixth Street believes that ESG factors have the potential to affect performance, and can in certain circumstances enhance a portfolio investment’s profitability or financial returns, it is possible that our or a portfolio investment’s dual focus on financial success and ESG matters will from time to time influence us or the portfolio investment to make decisions that favor one goal at the expense of the other.

Finally, ESG continues to be an area of increased regulatory attention. For example, EU legislators are adopting new rules to standardize the definition of environmentally sustainable investing, and the SEC has examined the methodology used by investment funds pursuing impact or ESG investment strategies for determining socially responsible investments. On March 21, 2022, the SEC proposed rule amendments that would require a domestic or foreign registrant (i.e., a public company) to include certain standardized climate-related information in its registration statements and periodic reports. Such rule amendments, if adopted, could impact the Funds in a variety of ways,

particularly with respect to their investments in public companies. In addition, the SEC's current rulemaking agenda includes proposing requirements for investment companies and investment advisers related to ESG, including ESG claims and related disclosures. It is unclear whether any rules or amendments in this area will ultimately be adopted, and if so, what the scope and timing of any such final rules or amendments would be. If adopted, such rules or amendments could apply not only in respect of certain issuers or borrowers in which the Funds hold portfolio investments, but also the Funds and/or the Sixth Street Adviser itself, and any new regulations could adversely impact the Funds and returns to investors, as further described below.

If we fail to take appropriate measures or follow best practices, regulators disagree with the procedures or standards used by Sixth Street, our Funds or portfolio investments for ESG investing and reporting, or new or amended regulation or legislation, if adopted requires a methodology of measuring or disclosing ESG impact or related matters that is different from our current practice, we may be in breach of applicable ESG-related laws and regulations and Sixth Street may suffer reputational damage and the Funds could be adversely affected (including as a result of fines and other financial losses incurred by portfolio investments). In addition, we would expect new or additional ESG-related requirements, if adopted, to likely increase compliance costs for issuers or borrowers in which the Funds hold portfolio investments and/or the Funds, which could impact potential returns to investors.

*Sustainability Risks.* New sustainability requirements imposed by jurisdictions in which we do business and/or in which the Funds are marketed, including the EU Sustainable Finance Disclosure Regulation (2019/2088) (the "SFDR"), may result in additional compliance costs, disclosure obligations or other implications or restrictions on the Funds or on Sixth Street. Under such requirements, we may be required to classify Sixth Street or the Funds against certain criteria, some of which can be open to subjective interpretation. Our view on the appropriate classification may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification. These sustainability requirements, and any changes that we may make to the Funds' classifications thereunder from time to time, may require further disclosures by us and may require that we implement new processes to capture data about the Funds or their investments. Costs incurred as a result of such data gathering and reporting processes will be borne by the Funds.

*Sustainable Finance Taxonomy Regulation ("Taxonomy").* The Taxonomy is designed to create a benchmark and framework for green products so that investors do not need to conduct their own due diligence with regards to a financial products' environmental sustainability. The regime came into force on July 12, 2020 and is expected to apply in practice from January 1, 2022 (at the earliest). Taxonomy amends the SFDR to require fund managers to disclose either: (i) information on how and to what extent the investments that underlie their products support economic activities that meet the four tests for environmental sustainability under the Taxonomy; or (ii) for financial products that do not invest in taxonomy-compliant activities, a statement that they do not take the Taxonomy into account.

In order to comply with the four tests for environmental sustainability, an economic activity must: (i) contribute substantially to at least one of the environmental objectives listed in the Taxonomy; (ii) "do no significant harm" to any of the other environmental objectives listed in the Taxonomy; (iii) be carried out in compliance with minimum social and governance safeguards; and (iv) comply with technical screening criteria to be adopted under the Taxonomy.

Compliance with the Taxonomy related rules in due course is expected to result in increased legal, compliance, restrictions, reporting and other associated costs and expenses which will be borne by the Funds.

*Tax Considerations.* We expect the Funds to be subject to income and/or withholding taxes and tax return filing obligations in various jurisdictions in which they conduct investment activities. The rate of any withholding taxes and the creditability of such taxes typically depend in part on the facts and circumstances relating to the particular investment and generally would differ for each investment.

The Funds may invest in jurisdictions in which the tax treatment of the Funds and their activities is uncertain or subject to changing interpretations (including retroactively) or enforcement practices. The Funds will take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. In particular, there are significant uncertainties regarding the interpretation and application of the broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") that was signed into law on December 22, 2017 (the "Tax Act"). While additional

guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes the Tax Act made to the Code and any further changes in tax laws or interpretation of such laws may be adverse to the Funds.

Furthermore, there is an ongoing project (Base Erosion and Profit Shifting, or “BEPS”) among G-20 countries to develop rules to align international tax standards and ensure that income is subject to tax at least once. A set of recommendations was released in 2015 (some of which are subject to further recommendations from the working parties), but ultimately any such recommendations would have to be implemented through domestic legislation or via bilateral tax treaties. Similar types of measures not formally connected through the BEPS reports may also be introduced at the level of individual countries or through multilateral groups such as ATAD 2 (as defined below). The Tax Act included rules similar to some of the recommendations of the BEPS reports (e.g., restrictions on payments to offshore affiliates). More recently, the EU Council approved Directive 2017/952/EU (“ATAD 2”), which includes rules similar to some of the recommendations of the BEPS reports (e.g., denying various deductions and benefits in the case of certain hybrid instruments or arrangements).

The details and scope of any operative rules (including when and whether issued) are therefore unclear, but it is possible that they may increase the amount of taxes borne by investors in the Funds, including by denying the availability of treaty benefits for a Fund and its investors and/or by increasing taxes payable by or with respect to (e.g., by increasing withholding taxes) portfolio investments. In addition, any such rules may require the Funds to collect additional information from the investors (and report it to tax authorities).

#### *ERISA Considerations.*

Investment in the Funds is generally open to institutions including pension plans and other entities subject to ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), although investment by such entities will generally be limited. We generally intend to operate the Funds so that the assets of the Funds will not be considered “plan assets” under ERISA. In furtherance of this objective, we generally intend to limit investments by “Benefit Plan Investors” (as defined in ERISA) to less than 25% of the value of each class of equity in each Fund so that investment by Benefit Plan Investors will not be considered “significant” within the meaning of the Department of Labor Regulation at 29 CFR 2510.3-101, as modified by Section 3(42) of ERISA (the “Plan Asset Provisions”). Accordingly, we may prohibit certain potential investors from investing or certain transfers of interests so as to avoid the assets of a Fund being deemed to be “plan assets” within the meaning of ERISA.

In addition, with respect to certain Funds that do not have a fixed term and whose investors may terminate commitment periods, and new investors may be admitted, on an ongoing basis, the monitoring of investments by Benefit Plan Investors is subject to special considerations and is particularly complex. In respect of these Funds, the unused capital commitments or capital contributions of Benefit Plan Investors may be automatically reduced or increased to ensure that certain thresholds are met at any time.

As further described above in “*Alternative Investment Vehicles*”, we anticipate establishing a number of alternative investment vehicles in connection with the Funds’ operations. An investor’s participation in a particular alternative investment vehicle will be determined based on, among other factors, tax, legal and regulatory characteristics of such investor in relation to the portfolio investments anticipated to be made or held through the alternative investment vehicle. As each alternative investment vehicle will also seek to comply with the Plan Asset Provisions and the composition of investors participating in an alternative investment vehicle will differ from that of the Funds, we expect to reduce the participation of Benefit Plan Investors in alternative investment vehicles (and in portfolio investment made through such vehicles) if we determine necessary or advisable in order to comply with the Plan Asset Provisions. Notwithstanding the “less than 25%” threshold set forth in the Plan Asset Provisions, we expect to limit participation by Benefit Plan Investors to a lesser percentage in order to ensure compliance with the Plan Assets Provisions. As a general matter, any reduction in Benefit Plan Investor participation in alternative investment vehicles (and in portfolio investment made through such vehicles) will correspondingly increase the participation in such vehicles and investments by other investors. If one or more other investors do not participate in an alternative investment vehicle or portfolio investment, any such reduced (or increased) participation may be further reduced (or increased).

Any expenses relating to the Funds’ activities or operations including compliance with the Plan Asset Provisions will be borne by the Funds. Costs relating to compliance (or monitoring compliance) of the Funds with the Plan Asset Provisions and the provisions of the applicable Governing Documents that relate to the participation of Benefit Plan

Investors in the Funds (and their portfolio investments) will depend on a number of factors, including the number of Benefit Plan Investors, the amount of capital commitments made by Benefit Plan Investors, the timing of commitment period terminations (where applicable) delivered by Benefit Plan Investors, and the composition of investor participation in alternative investment vehicles, and may be significant. The general partner of a Fund may test the participation of Benefit Plan Investors separately in respect of each investment of a Fund (in addition to testing such participation on a Fund level basis). Such separate investment-level tests are expected to be more costly than tests solely on a Fund-level basis.

Certain Governing Documents limit participation by Benefit Plan Investors to a threshold lower than the “less than 25%” threshold set forth in Plan Asset Provisions and in other cases the general partner of a Fund (or alternative investment vehicle) may, as further described above, seek to further limit participation by Benefit Plan Investors in order to ensure compliance with the Plan Asset Provisions.

The ability of the general partner of a Fund to limit the participation of Benefit Plan Investors to less than 25% of the value of each class of equity interests in a Fund will be subject to operational risks arising from such factors as processing errors, human errors, inadequate or failed internal or external process, failures in systems and technology, changes in personnel and errors caused by third parties. While we seek to minimize such events through controls and oversight, the Funds’ terms and structure are complex and there may still be failures that could increase the risk of, or cause, noncompliance with the Plan Asset Provisions and ultimately losses to one or more Funds and/or to individual investors.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Not applicable.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The BD Affiliate is a broker-dealer registered with the SEC and a member of FINRA. In terms of its operations, the BD Affiliate

- places securities and instruments issued by
  - certain private investment funds that we and our related entities manage individually or through our principals, including the Funds; and
  - other entities not related to us or our related entities (which may include third-party investment funds with the same or similar investment mandate as, or otherwise in competition with, the Funds) or investment funds in, or with, which we or the Funds may invest or that are sponsored by companies in which we or the Funds have invested; and
- participates in the syndication of opportunities to co-invest in portfolio investments alongside certain Funds and/or Related Funds, and third parties.

In addition, in the event the BD Affiliate were to expand the scope of activities permitted by its existing license, it may in the future engage in other activities, including transactions involving the Funds’ portfolio investments (including, for example, as an underwriter in primary and secondary offerings by portfolio investments, acting as an arranger in syndications of loans by portfolio investments or providing other services with respect to Fund investments). Any fees the BD Affiliate would receive in this capacity would generally not offset the management fee payable by investors and the BD Affiliate could have an incentive to pursue these transactions for its own economic gain.

For a description of material conflicts of interest created by our relationship with the BD Affiliate, please see “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” below.

*Other Investment Advisers.* We are affiliated with Sixth Street Specialty Lending Advisers, LLC.

For a description of material conflicts of interest created by the relationship among us and any Related Advisers, as well as a description of how such conflicts are addressed, please see “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” below.

*General Partners of Funds.* Various entities serve as general partners of the Funds, and are our related persons. For a description of material conflicts of interest created by the relationship among us and the general partners, as well as a description of how such conflicts are addressed, please see “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*” below.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***Code of Ethics***

Sixth Street has adopted a comprehensive Code of Ethics that is applicable to all of our officers and employees, certain temporary personnel and certain of our affiliates and their officers and employees (collectively, the “Covered Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations.

Covered Personnel and certain members of their families and households will from time to time purchase investments for their own accounts, including the same or similar types of investments as may be purchased or sold by a Fund, subject to the terms of the Code of Ethics. The Code of Ethics generally permits such transactions only if:

- the transaction is “pre-cleared” by (1) a senior Partner or Managing Director within Sixth Street, and (2) our compliance department (“Compliance”), who collectively screen applicable trade requests for conflicts that may exist in the context of prior, pending, or anticipated future transactions involving Sixth Street’s client accounts; or
- the transaction is exempt from pre-clearance under the Code of Ethics.

The investment policies, fee arrangements and other circumstances of these personal investments often vary from those of the Funds. As our officers, principals and employees typically also make investments in or alongside the Funds, they have conflicting interests with respect to these investments.

Under the Code of Ethics, Covered Personnel also are required to file certain periodic reports as required by Rule 204A-1 under the Advisers Act. The records of any such trades by Covered Personnel will not be open to inspection by investors. Our management may from time to time implement additional internal policies or restrictions on trading by Covered Personnel and their family/household that are in addition to the requirements of our Code of Ethics.

We will provide a copy of the Code of Ethics to any Fund or prospective client upon request.

### ***Participation or Interest in Client Transactions; Related Person Investments***

Please see “*Conflicts of Interest*” below for information regarding circumstances in which we or a related person:

- recommends to Funds, or buys or sells for Funds’ accounts, securities in which we or a related person has a material financial interest;
- invests in the same securities that we or a related person recommends to Funds;



- recommends securities to Funds, or buys or sells securities for Fund accounts, at or about the same time that we or a related person buys or sells the same securities for our own (or the related person's own) account; and/or
- encounters related conflicts of interest.

### ***Conflicts of Interest***

As discussed further below, we and our related entities engage in a broad range of activities, including pursuing investments for the Funds, other investment funds and other accounts and providing investment advisory, broker dealer and other related services to these funds, other accounts and their portfolio investments.

In the ordinary course of conducting its activities, the interests of a Fund will from time to time conflict with our interests and those of:

- other Funds;
- Related Funds;
- Related Advisers; and
- the affiliates of the foregoing.

We describe below certain of these conflicts of interest, as well as how we seek to address them.

### **Conflicts of Interest**

When conflicts arise between one Fund and another Fund, we will seek to eliminate or adequately mitigate the conflict in accordance with the relevant Governing Documents. When conflicts arise between a Fund and a Related Fund, we will seek to represent the interests of such Fund, and the Related Adviser, if applicable, will represent the interests of the Related Fund. In addressing such conflicts, we and the Related Adviser, if applicable, will consider various factors, including the interests of the Fund(s) and the Related Fund(s), if applicable, in the context of both the immediate issue at hand and the longer-term course of dealing among such Fund(s) and the Related Fund(s), if applicable. In the case of all conflicts involving a Fund, including with respect to other Funds and Related Funds, our determination as to which factors are relevant, and the attempted resolution of such conflicts, will be made in good faith taking into consideration the relevant facts and circumstances and in accordance with the applicable Governing Documents.

The material conflicts of interest that a Fund encounters include those discussed below and elsewhere in this brochure. The following summary is not intended to be an exhaustive list of all actual, apparent or potential conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact-intensive, and it is not possible to foresee every conflict of interest that may arise during a Fund's life. In particular, we may in the future identify additional conflicts of interest that currently are not apparent to us, as well as conflicts of interest that arise or increase in materiality as we or, in certain cases, our Funds and their portfolio investments, develop new investment platforms or business lines and otherwise adapt to dynamic markets and an evolving regulatory environment. To the extent we identify conflicts of interest in the future, we intend to provide disclosure of such conflicts and their implications in a manner consistent with the Governing Documents of the applicable Fund and requirements applicable to us (including pursuant to the Sixth Street Adviser's registration with the SEC under the Advisers Act), as well as any supplementary disclosure we determine to provide in our discretion taking into account the nature, facts and circumstances of the applicable conflict.

With respect to certain conflicts of interest, the terms of the Governing Documents of a Fund set forth particular requirements, such as seeking the approval of the Fund's advisory committee for certain conflicts or providing the Fund's advisory committee with disclosure regarding certain types of conflicts. With respect to other conflicts of interest (or in addition to any approval, disclosure or similar procedures set forth in the Governing Documents) we may determine to disclose these conflicts and their implications to investors through a variety of channels.

We have established policies and procedures to address certain types of conflicts, including seeking the approval of a Fund's advisory committee for certain conflicts when required by or otherwise consistent with the Governing Documents.

Other actions that could be taken by us or our affiliates to eliminate or adequately mitigate a conflict may include, by way of example and without limitation:

- a Fund will not make any investment unless we believe that such investment is an appropriate investment considered from the viewpoint of such Fund;
- prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund and many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant Governing Documents for the Funds;
- many of our Funds have established advisory committees, whose members are not affiliated with the general partner of the Fund. Such committees generally play an important role in resolving conflicts of interest by, for example, overseeing certain activities that could give rise to conflicts of interest or approving or consenting to decisions that involve certain conflicts of interest that may be referred to it by the Fund's general partner in accordance with the relevant Governing Documents. In addition, we may disclose a conflict of interest to a Fund's advisory committee. However, such committees will not represent the interests of all the investors, each member of such committee may act in the interests of the investor that it represents, will be indemnified by the relevant Fund for liabilities arising from their actions and the members of such committees may themselves be subject to various conflicts of interest (including that some or all of the members of an advisory committee may also be on the advisory committee of other Funds with which there is a potential conflict or may represent investors that have an interest in multiple Funds) and will not be precluded from participating in discussions with respect to, or from voting on, any matters as a result of such conflicts of interest;
- we may disclose a conflict of interest to a Fund's investors (including, without limitation, in drawdown notices, distribution notices, financial statements, quarterly reports or other communications);
- when we deem in good faith that it is appropriate and permitted by the applicable Governing Documents, unaffiliated third-party service providers or independent representatives (to act or provide consent with respect to the matter giving rise to the conflict of interest) will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third-party investor to make an investment on the same or similar terms as a Fund may demonstrate the fairness of the transaction to such Fund;
- we may cause one or more Funds to dispose of a portfolio investment or particular security giving rise to an actual or potential conflict of interest, or in certain circumstances, to acquire additional investments or securities to mitigate an actual or potential conflict of interest;
- we may abstain from voting, or we may vote in a certain manner, such as in the same manner as a majority of unaffiliated holders of a certain class or type of investment instruments, where a conflict of interest among the Funds is or may be implicated;
- in certain circumstances, we may erect information barriers (which may be temporary and limited purpose in nature) to restrict the transfer of non-public information between certain group of personnel within Sixth Street; and
- we may implement other policies and procedures (which may be specific to one or more portfolio investments) which are designed by us to eliminate or adequately mitigate the conflict of interest and that we in good faith determine are in the best interests of the relevant Funds and in accordance with the applicable Governing Documents.

Frequently, the nature of a potential conflict of interest will evolve over time, for example as an underlying issuer or borrower becomes more or less stressed or distressed or Funds acquire or dispose of positions in the underlying issuer or borrower. As a result, the approach we take to mitigating a conflict of interest, and implementation of related policies and procedures, may correspondingly evolve over time as the facts and circumstances relating to the particular conflict change. In most circumstances, the Governing Documents do not require us to take specifically enumerated actions, whether the adoption of policies, procedures or other measures, in order to mitigate or resolve a conflict of interest. We nevertheless seek to take such actions, which may include without limitation those described above, as we determine necessary or appropriate to mitigate or resolve an applicable conflict of interest, with regard for the nature, facts and circumstances of such conflict. In most cases, the resolution of the conflict will depend entirely on the exercise of our discretion in light of the relevant facts and circumstances at the time, including the immediate and longer-term interests of the relevant Funds. The specific weight ascribed to each of the relevant factors is a subjective judgment about which reasonable people may differ. There can be no assurance that Sixth Street will identify or resolve all conflicts of interest in a manner that is favorable to the Funds or the investors.

### Conflicts of Interest

#### *Relationship with Sixth Street and its Affiliates*

We expect the Funds to benefit from the Sixth Street Adviser's position within the broader Sixth Street platform, because the Sixth Street Adviser's and Funds' general partners will have access to the contacts and industry knowledge of our investment teams. This should enhance our transaction-sourcing capabilities for the Funds, and we will also be able to consult with these teams on specific industry issues, trends and other matters to complement the Funds' investment process. However, the Sixth Street platform may also benefit, directly or indirectly, from the activities of the Funds and such benefits will not be shared with the Funds other than as expressly set forth in the applicable Governing Documents, and Sixth Street's and its affiliates' other activities are expected to subject Sixth Street and its affiliates to a range of conflicts of interests, greater regulatory oversight and more legal and contractual restrictions than if their respective businesses were limited to advising the Funds.

Accordingly, the Sixth Street Adviser, the Funds' general partners, the Sixth Street Adviser's investment professionals and members of the Funds' investment committee are expected to face a number of actual, apparent and potential conflicts of interest involving the Funds, Sixth Street and Related Funds, including conflicts in the allocation of investment opportunities among the Funds and Related Funds, as well as the allocation of their time and attention among these funds, as described in further detail below.

The Sixth Street Adviser or its affiliates currently utilize certain limited services (such as certain information technology services utilized by the Sixth Street Adviser or its affiliates on behalf of the Funds) that are currently provided by TPG Holdings, L.P. and its affiliates ("TPG"), the costs of which may be allocated to the Funds. Such limited services will continue to be provided to the Sixth Street Adviser or its affiliates by TPG as transitional services over a multi-year period and are governed by a Transition Services Agreement which provides, among other things, for the services to be provided in accordance with an agreement upon standard of care, the fees paid for such services, and for other customary arm's-length terms and conditions.

#### *Cross and Principal Transactions*

The Funds could engage in "cross trades" from time to time with one or more Funds, to the extent Sixth Street determines in good faith that the transaction is in the best interest of such Funds. Cross trades can occur for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, portfolio rebalancing, to reduce transaction costs or to comply with regulatory requirements. Cross trades create conflicts of interest because the transaction is not exposed to market forces, which may result in either the buying or selling entity not receiving the best price or terms otherwise possible. In addition, Sixth Street and its affiliates might have an incentive to improve the performance of a Fund by selling underperforming assets to other Funds in order, for example, to earn fees. Sixth Street and its affiliates generally will evaluate any such transactions on a case-by-case basis to address any such conflicts.

In connection with our management of the Funds, we may, in certain limited circumstances, purchase a security from, or sell a security to, a Fund (what is commonly referred to as a "principal transaction"), as described below. In addition, if ownership by Sixth Street or its affiliates in any Fund or Related Fund involved in a transaction with

another Fund were to equal or exceed 25%, a principal transaction would result from what would otherwise have been a cross transaction.

Cross transactions are more common in the CLO market than in the markets for other types of investments because of the limited universe of assets that are permitted to be included in typical CLO funds. In particular, a CLO that is in the process of winding down and liquidating its Underlying Loans is more likely to engage in a cross trade with a newly-formed CLO, including a CLO that is also managed by an affiliate of the Funds, in order to dispose of such Underlying Loans. CLOs issue securities governed by an indenture, and each CLO's indenture has highly specific investment portfolio criteria requirements. A CLO's indenture includes, among other things, requirements relating to the maturity profile of assets, industry concentrations, obligor concentrations, ratings profiles and "spread" of interest rates. In addition, a CLO's indenture has eligibility criteria that require the CLO to hold assets that meet such criteria, meaning that the portfolio composition may change with time due to asset maturities, prepayments, defaults, sales, purchases and other events that affect whether an Underlying Loan meets such eligibility criteria. Occasionally, one Sixth Street-managed CLO may benefit from an asset sale or purchase through an improvement in its compliance with tests set forth in its indenture while another Sixth Street-managed CLO may similarly benefit from the corresponding purchase or sale of the same asset. Thus, we and our affiliates may also authorize a cross transaction where the transaction assists each Sixth Street-managed CLO in complying with its indenture's portfolio restrictions. Similar considerations to those described in this paragraph are also expected to be applicable to certain Funds and SMAs that have investment parameters and restrictions similar to those of CLOs.

Also, from time to time, we or our affiliates may provide seed capital to a new Fund. In doing so, we and/or our respective affiliates may purchase securities that are later transferred into the Fund in exchange for a percentage ownership in such Fund. We review such transactions to ensure that we comply with the requirements of the Advisers Act in respect of principal transactions.

We have established certain policies and procedures reasonably designed to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the applicable Fund regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and any conflicts of interest we have when acting as general partner (or equivalent) of the Fund in providing the Fund's prior consent to the transaction. In addition, the Governing Documents relating to the Funds typically contain additional restrictions on our ability or that of the Funds to engage in principal transactions and disclosures regarding principal transactions that are likely to arise in the operations of Funds and how we intend to mitigate any conflicts relating to such transactions.

#### *Participation of the BD Affiliate in Fund Transactions*

As noted above under "*Item 10 – Other Financial Industry Activities and Affiliations*," the BD Affiliate is an affiliated broker dealer.

In the event that the BD Affiliate were to expand the scope of activities permitted by its existing license, it may in the future engage in other activities, including transactions involving the Funds' portfolio investments (including, for example, as an underwriter in primary and secondary offerings by portfolio investments, acting as an arranger in syndications of loans by portfolio investments or providing other services with respect to Fund investments). Any fees the BD Affiliate would receive in this capacity would generally not offset the management fee payable by investors and the BD Affiliate could have an incentive to pursue these transactions for its own economic gain.

We could also have an incentive to structure certain transactions, including co-investment opportunities, so that they require the use of a broker-dealer.

The BD Affiliate may also act as a placement agent in respect of investment funds that are sponsored and managed by third-party investment managers (including third-party investment funds with the same or similar investment mandate as, or otherwise in competition with, one or more Funds), including investment funds in or with which one or more Funds or Related Funds may invest or that are sponsored by companies in which such Funds and/or Related Funds have invested. The BD Affiliate will be subject to certain conflicts of interest in recommending such vehicles and/or funds, including because the economic terms applicable to such investment vehicles will vary.

We generally will evaluate any such transactions on a case-by-case basis to address any such conflicts. Transactions involving a Fund and the BD Affiliate are also reviewed with regard to the appropriateness of the transaction and any fiduciary obligations. In addition, to the extent applicable, we will review such transactions in an effort to ensure compliance with the requirements of the Advisers Act in respect of principal transactions between any Fund and the BD Affiliate.

For a description of the fees, commissions and other compensation the BD Affiliate and other affiliates receive in respect of the activities described above, please see “*Item 5 – Fees and Compensation*” above.

#### *Third-Party Placement Agents*

From time to time, we enter into arrangements with third parties to help raise capital for a Fund. Such placement agents typically receive a fee calculated as a percentage of the investments they bring to the respective Fund or, in some cases, a flat fee. We bear such fees instead of the Fund, except where such fees are permitted to be charged to, or borne by, the Fund under the relevant Governing Documents. In other cases, a third party placement agent will charge applicable fees and expenses to the relevant investors either directly or through a feeder fund managed by the third party placement agent. Basing the placement agent’s compensation on an investor’s decision to invest creates a conflict of interest by incentivizing the placement agent to attract investors to a Fund when it may not be in the investors’ best interests to subscribe.

#### *Allocation of Investment Opportunities*

We and our related entities engage in a broad range of activities, including investment activities for our own account and for the account of various investment funds, and the provision of investment advisory and other services to funds and operating companies. In connection with these activities, investment opportunities will arise that fall within the investment objectives or strategies of two or more Funds or Related Funds. We therefore expect to encounter situations in which we must determine how to allocate investment opportunities among various Funds and other persons, which typically include the following:

- the Funds and Related Funds;
- any alternative investment vehicles (or “AIVs”) formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- proprietary accounts held by Sixth Street, one or more of its affiliates, and/or one or more employees of Sixth Street or its related persons;
- any Co-Investment Vehicles formed to invest side-by-side with one or more Funds in particular transactions entered into by such Funds or for the purpose of pursuing a specific investment strategy (the investors in such Co-Investment Vehicles typically include investors and/or individuals and entities that are not investors in any Funds);
- Investors and/or third parties that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds; and
- Investors and/or third parties acting as “co-sponsors” with us with respect to a particular transaction.

Additionally, we and our affiliates are generally not restricted from establishing or managing new investment funds or vehicles, which may be successor funds to our existing funds, platforms for new investment strategies, or relating to, and overlapping with, investment strategies of our existing funds. As described further below, each new investment fund or vehicle increases the likelihood that investment opportunities will be subject to overlapping investment mandates. New Funds or Related Funds formed in the future could subject us and our affiliates to obligations to offer certain investment opportunities to such Fund or Related Fund in priority to or in lieu of offering such opportunities to, the current Funds (including investment opportunities that are suitable for, and would have otherwise been offered to, a Fund). Consequently, investment opportunities ultimately offered to the current Funds may be fewer

in number, smaller in size or less attractive than those offered to and/or invested in by such future Funds or Related Funds, or that may otherwise have been offered to the current Funds in the absence of our and our affiliates' ability to form and manage such Funds or Related Funds.

For instance, Sixth Street or its affiliates expect to form one or more Funds or Related Funds to pursue investment opportunities in connection with advisory or discretionary asset management services provided by Sixth Street and/or its affiliates to portfolio investments of one or more Funds or Related Funds and/or to opportunistically invest in insurance and insurance- or reinsurance-related companies and portfolios. See *"Conflicts Related to Insurance Platform and Related Strategies."*

Sixth Street or its affiliates also expect to form additional direct lending vehicles, which may include Additional Regulated Funds. The formation of new direct lending vehicles, including Additional Regulated Funds, has the potential to create conflicts of interest with the Funds and subject the Funds to certain limitations and restrictions, including conflicts of interest that may be similar to, or generally consistent with, those described in *"Conflicts Related to Investing Alongside SLX"* with respect to SLX, or even more robust limitations and restrictions if any such Additional Regulated Fund does not apply for, or applies for and does not timely receive, an exemptive order similar to SLX, or at any time prior to such receipt. There can be no assurance as to if or when any such exemptive relief may be obtained, and until such time the Funds will be restricted in their ability to co-invest alongside any Additional Regulated Funds and/or certain investment opportunities may be required to be offered and allocated solely to such Additional Regulated Funds rather than to the Funds. In particular, an Additional Regulated Fund may (i) be required to be offered certain investment opportunities on a priority basis before the Funds (including where investment opportunities would otherwise have been suitable or appropriate for the Funds); (ii) restrict the Funds from pursuing investments in issuers or companies in which the Additional Regulated Fund is already invested; and/or (iii) limit the ability of the Funds to exercise certain remedies or take certain actions with respect to issuers or companies in which the Funds and such Additional Regulated Fund are both invested.

New Funds or Related Funds may include other private equity, debt, real estate, infrastructure, energy, venture capital, liquid/public strategies (including publicly traded debt and equity securities), structured product or other debt or asset funds or vehicles, separately managed accounts, hedge funds, special purpose acquisition vehicles, collateralized loan obligation issuers, emerging markets funds and other geographic-, industry- or strategy-focused managed pools, accounts or funds, or segregated or similar vehicles that follow investment programs substantially similar to the investment strategy of one or more of the Funds, including, without limitation, investment vehicles focused primarily on (i) real estate-related investments and/or (ii) private equity investments.

Accordingly, as we continue to develop new businesses and manage new Funds and Related Funds, and as markets evolve, the architecture required to define our obligations to offer investment opportunities to Funds and Related Funds, both as between Sixth Street's and its affiliates' respective platforms, and among businesses within those platforms, is becoming, and will continue to become, increasingly complex and nuanced, as are the determinations necessary to interpret and distinguish those obligations, especially where the relevant governing document provisions for the Funds and/or Related Funds are not determinative and/or can be interpreted by reasonable people in different ways. We anticipate that we will be required to make an increasing number of determinations as to the scope and priority of our obligations to offer certain investment opportunities to our Funds and/or Related Funds, including where such investment opportunities fall within the investment objectives of more than one Fund and/or Related Fund. As new Funds and Related Funds are formed, the architecture and the application thereof by Sixth Street and its affiliates is expected to evolve in order to comply with, and effectuate the terms of, the governing documents of the current Funds and such new Funds and Related Funds, particularly where Funds and/or Related Funds have overlapping investment objectives. For instance, an investment which, on the initial closing of a Fund would have been offered to that Fund, or which may have historically been allocated to such Fund's predecessor funds, could be subject to a different allocation at a later point in time as new Funds and Related Funds are formed and begin investing. Although we design such architecture in a manner intended to ensure that we comply or act in a manner consistent with the governing documents or marketing materials of all Funds and Related Funds and applicable law, such determinations will generally be made by Sixth Street and its affiliates without consultation with, or approval by, advisory committees of, or investors in, the Funds and Related Funds, and the justifications for such determinations may be subjective, difficult to definitively articulate or record, or subsequently prove to have been incorrect or based on incorrect or incomplete information, or affected by unexpected market developments.

We are generally subject to investment allocation requirements that derive from, among other things, the Funds' Governing Documents, and a regulatory exemptive relief order that was obtained from the SEC relating to U.S. middle-market loan origination (which contains an obligation to offer provision, and is described in further detail below), which we refer to collectively as the "Investment Allocation Requirements." For example, certain Funds' Governing Documents generally require us, subject to certain exceptions, to offer to such Funds suitable opportunities to originate loans and/or structure debt, prior to offering such opportunities to certain other Funds.

Sixth Street has established a governance body that convenes on a regular basis to review and approve determinations regarding certain investment and expense allocations among the Funds or Related Funds (the "Sixth Street Allocations Team"). The Sixth Street Allocations Team includes senior Sixth Street professionals from the control and investment sides of the business and is responsible for overseeing Sixth Street's allocations processes and ensuring that they conform to our allocation principles.

Determinations as to the allocation of investment opportunities among Funds and/or Related Funds will be made by us and our affiliates in our and their discretion, in accordance with the Investment Allocation Requirements, as further described above. In the event that the Investment Allocation Requirements are not determinative, which may frequently be the case, we generally assess whether an investment opportunity is appropriate for a particular Fund or Related Fund based on, among other things, the Fund's or Related Fund's investment objectives, strategies and structure, as reflected in its Governing Documents as well as portfolio construction considerations. Once the Funds or Related Funds that may participate in an investment opportunity have been identified, we intend to allocate the investment opportunity in accordance with our allocation principles and policies, which are subject to change over time. These principles and policies will be based on factors that we reasonably determine in good faith to be appropriate, including, but not limited to, and in each case and for the avoidance of doubt with respect to the Funds and Related Funds, as applicable (the "Allocation Factors"):

- the investment focuses and objectives, including geographical considerations, of the relevant Fund or Related Fund;
- the professionals who are expected to oversee and monitor the investment;
- the expected amount of capital required to make the investment as well as the relevant Fund's or Related Fund's current and projected capacity for investing (including for any potential follow-on investments), which may take into account capital deployment, anticipated future funding obligations and the timing of commitment period expiration or termination (if any) applicable to the Funds;
- the timing of capital inflows, outflows and anticipated commitments, subscriptions, distributions and/or other capital activities;
- the relevant Fund's or Related Fund's targeted rate of return and investment holding period;
- the stage of development of the prospective portfolio investment or other investment;
- the existing portfolio of investments of the relevant Fund or Related Fund and their portfolio construction goals (*e.g.*, concentration, diversification, etc.);
- the risk profile of the investment opportunity and the relevant Fund or Related Fund;
- the expected life cycle of the relevant Fund or Related Fund;
- any allocation targets or restrictions (*e.g.*, industry, size, etc.) for the relevant Fund or Related Fund;
- the ability of the relevant Fund or Related Fund to accommodate structural, timing and other aspects of the investment process;
- each Fund's and Related Fund's "demand" or desired allocation of an investment opportunity;

- the total size of the investment opportunity that is available or that is anticipated to be available to each Fund and Related Fund, which will depend on a variety of factors, including whether a liquid market exists for the prospective portfolio investment, the extent of such liquidity, the size of the underlying issuer, the anticipated trading volume of the underlying security and general economic conditions affecting fluctuations in market prices;
- the type and class of security or investment instrument comprising the investment opportunity, the anticipated level and mechanisms of control or influence over the underlying issuer, borrower or company, the value creation strategy associated with the investment opportunity, and the nature of the underlying assets underwritten or collateralized in connection with such investment opportunity;
- the professionals who sourced the investment opportunity;
- legal, tax, contractual, regulatory or other considerations that we deem relevant (including, for the avoidance of doubt, applicable law and any duties imposed thereby); and
- any other factors we deem relevant in our sole discretion.

The relevance of each of these criteria will vary from investment opportunity to investment opportunity, with no single factor consistently outweighing the others. While the facts and circumstances of each allocation decision will be determinative, the allocation process may (but will not be required to) afford prior decisions precedential value, especially where the investment objectives of one or more Funds and/or Related Funds regularly overlap.

Without limiting our right to allocate investment opportunities in whatever manner we determine to be appropriate in accordance with our allocation principles and the considerations outlined above, if we are presented with an investment opportunity and we determine that such investment opportunity, in whole or in part, is eligible to be presented to, and is suitable for, more than one Fund or Related Fund that are not subject to an obligation to offer or similar allocation priority, then, if the total size of an investment opportunity that is available or that is anticipated to be available exceeds the total demand of all Funds and Related Funds (including those subject to an obligation to offer or similar allocation priority), we may determine to allocate such investment opportunity across Funds and Related Funds in accordance with demand, or alternatively in circumstances where we determine that the total size of such investment opportunity is limited or likely to become limited in the future, we may for example allocate such investment opportunity as between such one or more Funds and Related Funds in accordance with a specified sharing percentage.

Additionally, when allocating potential loan investments among certain Funds we may take into account each relevant Fund's diversity and other components of any "collateral quality tests" that may be applicable to such Fund (*e.g.*, CLO composition tests relating to minimum floating spread, minimum weighted average coupon, default probability, issuer and industry diversity, recovery rates, and weighted average life). For example, if an underlying loan would improve the "collateral quality tests" for a certain Fund, there may be additional incentive to allocate the underlying loan to that Fund rather than another Fund. In addition, as described in the allocation factors set forth above, allocation determinations may also consider, in respect of a Fund or one or more investors therein, allocation or investment targets (*e.g.*, industry or size), investment restrictions (*e.g.*, prohibitions or limitations) or other considerations related to portfolio construction (*e.g.*, concentration or diversification).

In addition to the aforementioned criteria, regulatory obligations with respect to the allocation of investment opportunities currently apply to SLX and have the potential to be applicable to certain new Funds or Related Funds (including Additional Regulated Funds). Such regulatory obligations may be imposed directly by applicable law or regulation, apply as a result of the terms of SLX's exemptive relief permitting co-investments with Funds in certain circumstances or the exemptive relief (if any) that may be obtained by any new Fund or Related Fund that is subject to similar regulation (including Additional Regulated Fund), or apply as a result of board-established criteria or other policies or procedures designed to comply with applicable law, regulation or the applicable exemptive relief. More specifically, SLX is a business development company regulated under the Investment Company Act. Under the Investment Company Act, absent exemptive relief from the SEC, a business development company is generally not permitted to co-invest with affiliate funds, unless the only terms being negotiated are price and amount of securities to be acquired. SLX applied for, and was granted one form of such exemptive relief and under the current terms of such relief may, under certain conditions, co-invest in middle market loan origination activities for companies



domiciled in the United States alongside other Funds and/or Related Funds. Among these conditions is that SLX's full demand for these opportunities must be satisfied before a Fund or another Related Fund is able to participate. As a result, to the extent that such opportunities are also suitable for the Funds, the terms of the exemptive relief may limit the amount of certain U.S. middle market loan origination opportunities available to the Funds. Further, where SLX is already invested in a target company, the Funds are expected to be restricted from pursuing transactions that would result in the Funds (individually or together with other Funds or with Related Funds) exercising control over the target company (for example, holding 25% or more of voting equity or a majority of board seats), and the same restrictions are expected to be applicable to any Additional Regulated Funds. More generally, the considerations described above with respect to SLX are also expected to similarly apply to any Additional Regulated Funds, as described further above. Therefore, investors in the Funds should understand and expect that (1) the full demand of SLX or any Additional Regulated Funds for any investment opportunity will be satisfied prior to an allocation of any amount of such investment opportunity being made available to the Funds; and (2) the Funds may be restricted from pursuing certain investment opportunities as a result of investments previously made by SLX or any Additional Regulated Funds. See also "*Conflicts Related to Investing Alongside SLX*" for further information on certain conflicts which may arise in connection with co-investments with SLX. While SLX has applied for amended co-investment exemptive relief that, if granted, would also extend to any Additional Regulated Funds, there can be no assurance that such amended relief will be granted by the SEC or, if granted, that the terms and conditions applicable to such amended relief will increase the amount of loan origination or other opportunities available to the Funds or will otherwise have any beneficial impact on the Funds (and may have an adverse impact on the Funds). For example, if the terms of such amended relief provide for the ability of the board of directors of SLX or any Additional Regulated Fund to establish criteria or other policies or procedures that in whole or in part define the scope of investment opportunities required to be offered to SLX or any Additional Regulated Fund, those criteria or other parameters are expected to subject a greater number of investment opportunities to the requirement to be offered to SLX and/or any Additional Regulated Fund than is currently the case. Therefore even if such amended relief is granted, it is anticipated that certain investment opportunities (in particular, loan origination-related opportunities) will continue to be required to be offered to SLX and/or any Additional Regulated Funds.

The application of our allocation principles and policies to investment opportunities is a fact-intensive exercise that involves significant subjective judgment, especially in light of the complex transactions that the Funds and Related Funds are expected to undertake (including in persons with complex capital structures). Determinations as to whether an investment opportunity falls within one or more Funds' or Related Funds' Investment Allocation Requirement or investment mandate or is otherwise suitable for one or more Funds or Related Funds are expected to be highly dependent on the relevant facts and circumstances.

While we base our allocation decisions on the information available to us at the time, this information may prove, in retrospect, to be incomplete or otherwise incomplete, or we may make allocation decisions that accord greater weight to only a few Allocation Factors or even a single Allocation Factor with respect to a specific investment opportunity (for example, relevant expertise and the sourcing of an investment opportunity may be disproportionately considered, especially where other factors are not determinative). Furthermore, the weight we ascribe to certain considerations will evolve over time in response to, among other things, changes in market conditions, the competition we face for investments and the mix of opportunities available to the Funds. There can be no assurance that an allocation determination will be the particular determination that is the most favorable to a Fund or its investors.

Further, in making an allocation decision, additional conflicts of interest will arise. Specifically, because the Funds and Related Funds (including Funds and Related Funds pursuing similar or overlapping strategies) have different fee, expense and compensation terms and structures, we have an incentive to allocate an investment opportunity to the Fund or Related Fund that would generate, directly or indirectly, a higher fee or more carried interest or a better return. This would similarly apply where Sixth Street also serves in an advisory or discretionary asset management capacity with respect to a company in which a Fund holds a portfolio investment, including companies that are expected to invest in investments in which another Fund also invests. As a result, our affiliates and Sixth Street may receive advisory fees or other compensation, and such amounts may exceed the aggregate fees and compensation paid by the Funds. This may create an incentive on the part of such affiliates to present investment opportunities to such companies instead of the Funds, including investment opportunities that may be suitable for the Funds.

In addition, our professionals will generally participate indirectly in investments made by Funds in which they invest. To the extent such professionals are responsible in part for making allocation decisions, they may have an incentive

to allocate an attractive investment opportunity (in whole or in part) to those Related Funds in which they invest or in which they have a larger interest, including where such professionals are entitled to carried interest or similar incentive compensation from one Related Fund but not another, even in circumstances where it would be more appropriate, in light of the factors enumerated above, for the opportunity to be allocated to the Funds. (See below “*Conflicts Arising from Interests of Our Professionals in the Funds and Related Funds*”).

As with our other allocation decisions, our allocation procedures and principles are designed to, but may not succeed to, mitigate the risk that financial and other incentives improperly influence such decisions. However, if a decision is made to allocate all or any portion of an investment opportunity to one or more Funds or Related Funds, the amount available to a certain Fund for investment will be correspondingly reduced.

Similar considerations apply with respect to the allocation of opportunities to sell, transfer or otherwise dispose of portfolio investments that were previously allocated to the Funds and/or one or more Related Funds in accordance with the factors described above.

#### *Allocations and Overlapping Investment Considerations Between Credit Market Strategies and Other Sixth Street Funds*

Allocations among Credit Market Strategies Entities and other Funds and Related Funds will be made in accordance with the allocations principles and policies of Sixth Street and its affiliates as determined by the Sixth Street Allocations Team. Among other Allocations Factors described further above, we expect to consider each Fund’s and/or Related Fund’s “demand” or desired allocation of an investment opportunity, the size of the investment opportunity that is available or anticipated to be available, the professionals who sourced the investment opportunity and the “rationale” for pursuing an investment opportunity. As with our allocations principles and policies more generally, the framework applicable to the allocation of investment opportunities between Credit Market Strategies Entities and other Funds and/or Related Funds, is expected to change over time, subject to any requirements and limitations set forth in the Governing Documents.

Credit Market Strategies Entities and other Funds and Related Funds expect to collaborate and communicate with the goal of efficiently transferring information and leveraging expertise across our platform, including with respect to investment themes, market insights and specific investments and potential investments. Currently, trading processes are separately organized (for example, with separate authorized traders and order management systems) and investment decision-making is conducted through separate investment review processes and committees. Credit Market Strategies Entities on the one hand and other Funds and Related Funds on the other hand, will generally conduct the execution of trading through processes separate from one another, subject to certain exceptions described further below, and separately make substantive investment decisions. The processes and organization by which trading is conducted are subject to change, in whole or in part, and in the future Credit Market Strategies Entities and other Funds and Related Funds may conduct trading pursuant to coordinated processes (for example, via the same authorized traders or order management systems). With respect to applicable Credit Market Strategies Entities described further below, where trading is conducted through separate processes, investment or disposition opportunities pursued by such Credit Market Strategies Entities will not be offered to other Funds or Related Funds (whether or not such opportunities would be suitable for such other Funds or Related Funds), and vice versa.

In certain circumstances, investment opportunities will be allocated on a pro rata basis among certain Credit Market Strategies Entities and other Funds and/or Related Funds with “demand” for such opportunity. This is expected to apply with respect to Credit Market Strategies Entities, such as Sixth Street CMS Dynamic Credit Fund, that are not subject to the sorts of tests or similar parameters described below. As certain Credit Market Strategies Entities, in particular Sixth Street-managed CLOs, are subject to specific “tests”, investment guidelines or similar portfolio construction parameters, those entities will generally not be subject to the foregoing (or subject to the foregoing only in the event a minimum size threshold is exceeded) and expect to trade pursuant to separate processes. For example, Sixth Street-managed CLOs are subject to a variety of diversification requirements and collateral quality tests (e.g., CLO composition tests relating to minimum floating spread, minimum weighted average coupon, default probability, issuer and industry diversity, recovery rates, and weighted average life). As a result, in these circumstances the

professionals who source an investment opportunity will be determinative as to whether the opportunity is allocated among applicable Credit Market Strategies Entities or other Funds and/or Related Funds.

The allocation of investment opportunities on a pro rata basis in accordance with “demand” has the potential to result in lesser allocations to certain Funds, in particular Funds that are smaller in relative size compared to other Funds or Related Funds, and as a result can be expected to generally have lower levels of demand for a particular investment opportunity. Conversely, where Funds and/or Related Funds do not trade on a pro rata basis, which in particular is expected to be the case with respect to Sixth Street-managed CLOs, such Sixth Street-managed CLOs or other applicable Funds or Related Funds may be permitted to trade at an earlier time (and therefore potentially at a more favorable price) compared to other Funds.

As a result of trading being generally conducted separately among Credit Market Strategies Entities and other Funds and Related Funds, Credit Market Strategies Entities will not benefit from improved execution that may have otherwise been obtained from aggregating orders with other Funds and/or Related Funds, and vice versa. Moreover, purchases or sales by another Fund or Related Fund could create pressure on the price of instruments that a Fund is seeking to buy or sell. The price at which that Fund is ultimately able to buy or sell all or any portion of an investment, if it is able to do so at all, may be disadvantageous compared to other Funds and/or Related Funds that were able to source and execute trades at an earlier time and/or on more favorable terms including price. Conducting trading separately also has the potential to create competition among certain Funds and/or Related Funds (e.g., between certain Credit Market Strategies Entities and other Funds and/or Related Funds) in the market to source and execute purchases and sales of investments of overlapping interest and/or for example with respect to internal indications of “demand” and the “rationale” for trading which will, in part, inform allocations determinations and the timing and price on which trades are executed. As with other Allocations Factors, determinations as to the “rationale” for an investment opportunity including whether or not, or the degree to which, an acquisition or disposition is consummated in order to comply with specific tests, guidelines or similar parameters or in light of more general portfolio construction considerations will involve subject judgments about which reasonable people may differ, including with respect to requirements set forth in applicable Fund’s or Related Fund’s Governing Documents and the facts and circumstances applicable to particular investment opportunities.

As with allocations determinations more generally, allocations between Credit Market Strategies Entities and other Funds or Related Funds will be subject to the oversight of the Sixth Street Allocations Team and our allocations procedures and principles, which are designed with the goal of mitigating the risk that financial and other incentives improperly influence such decisions and that Funds and Related Funds are treated equitably over time and in accordance with applicable requirements as set forth in the applicable governing documents of each Fund and Related Fund and under applicable law, including the Advisers Act.

#### *Follow-On Investments*

The Funds may be called upon to provide additional funding for their portfolio investments or have the opportunity to increase their investment in a portfolio investment. This may occur under circumstances in which a portfolio investments is performing poorly, in which case the follow-on investment may be riskier than the initial investment in that portfolio investment, or when a company in which a Fund holds a portfolio investment is performing well and needs growth capital.

There can be no assurance that the Funds will make follow-on investments or that the Funds will have sufficient capital to do so. Any decision by the Funds not to make a follow-on investment, or their inability to make such an investment, may have a substantial negative impact on a portfolio investment in need of such an investment or may diminish the Funds’ ability to maintain a control position and/or otherwise influence the portfolio investment’s future development. Moreover, to the extent that the Funds do not make such investments in a portfolio investment, such company may seek capital from other investors (which may include other Funds) who could rank senior to and/or cause the dilution of, the Funds’ investment in such portfolio investment.

Sixth Street has significant discretion to determine whether an additional investment that may be related to an existing investment will be treated as a follow-on investment and which one or more existing investments it relates to (in which case certain investors in the Fund and/or other Funds may not participate or may participate in different relative proportions to the existing investment(s) in which they participate) or a new investment (in which case such other

parties might participate). However other Funds and Related Funds may co-invest with a Fund in a follow-on or add-on investment relating to an existing investment, including in circumstances where we consider all or a portion of the follow-on or add-on investment not to be suitable for such Funds or Related Fund, as applicable (whether for portfolio construction, diversification or other reasons, including the expiration of commitment periods or terms of any applicable fund) and/or in circumstances where such Funds or Related Funds did not previously participate in the applicable portfolio investment. We will consider a number of factors when determining whether an additional investment should be treated as a follow-on investment and whether to offer such an additional investment opportunity to a Fund, which may include, without limitation, the expected holding period of an investment relative to the term of the Funds; whether the investment opportunity would have been presented to Sixth Street absent such Fund's or other Funds' or Related Funds' existing investment; the potential for conflicts of interest between such Funds and Related Funds; applicable duties to offer, to the extent applicable, to another Fund or Related Fund; the potential for synergies between an existing investment and a follow-on investment opportunity; and the allocation principles and policies of Sixth Street. Accordingly, a Fund's participation in an existing portfolio investment will not guarantee that such Fund will be offered the opportunity to participate in any follow-on or add-on investment related to such portfolio investment. If Sixth Street does not designate an investment as a follow-on investment and such investment subsequently experiences material gains, certain investors' share of such investment may have been diluted by other participating investors and/or Funds. Conversely, in the event that Sixth Street designates an investment as a follow-on investment and such investment subsequently experiences material losses, the resulting adverse effect on participating investors might be greater than if such investment had not been designated as a follow-on investment and other investors and/or Funds had shared in such losses.

#### *Allocation of Co-Investment Opportunities*

In circumstances where the amount of capital necessary to complete a transaction exceeds the amount we determine is appropriate for the Fund, we have offered (and in the future intend to offer) one or more investors in Funds or Related Funds, investors with which we have a broader strategic relationship, investors in Sixth Street or Co-Investment Vehicles the opportunity to invest alongside a Fund, or "co-invest" either directly or through a Sixth Street-controlled vehicle established to invest in one or more co-investment opportunities. Depending on a Fund's Governing Documents, we may also have the option to, or be required to, offer preferential access to co-investment opportunities on a systematic basis to certain persons (as further described below). The exercise of these co-investment rights will limit the size of investment opportunities available to the Fund and the amount of co-investment opportunities available to other potential co-investors. We will offer co-investments pursuant to the procedures included in such Funds' Governing Documents as generally described in the following paragraphs.

Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side-letter or other terms negotiated with respect to such Fund, in general we have complete discretion to determine to whom we will offer and award co-investment opportunities.

Additionally:

- we generally are under no obligation to offer to investors any co-investment opportunities;
- we generally offer co-investment opportunities selectively to some investors (if at all) and do not offer them to all investors;
- allocations of co-investment opportunities between investors generally will not correspond to their pro rata interests in the relevant Fund;
- we may agree to offer certain investors preferential access to co-investment opportunities;
- we have agreed, and expect in the future to agree, to certain contractual arrangements, obligations or undertakings with respect to co-investment opportunities. Such arrangements may address matters such as, and without limitation: the economic and other terms on which a Fund's limited partner would participate in a co-investment opportunity if consummated, an obligation or undertaking to present co-investment opportunities to a limited partner (for example, an obligation or undertaking to present a certain dollar value

of co-investment opportunities to a limited partner over a specified period of time, or right of first refusal or other priority rights over all or a certain subset of co-investment opportunities). Any such arrangements may be documented in side letters, however they may fall within exclusions from a “most-favored nation,” or “MFN,” clause or be separately documented in connection with broader strategic relationships or existing or future accounts or vehicles formed, in whole or in part, for the purpose of participating in co-investments alongside the Funds and/or one or more other Related Funds. Such arrangements may be established contemporaneously with the admission of a limited partner to the Fund, however they may also be established either prior or subsequent to a limited partner’s participation in the Funds, and regardless of timing may address rights or other obligations with respect to co-investment opportunities alongside the Funds. Furthermore, any such arrangements may be made with respect to co-investment opportunities alongside the Funds with investors in Related Funds even if they are not limited partners of the Funds, and conversely Sixth Street and/or its affiliates may enter into arrangements with limited partners relating to co-investment opportunities alongside Funds or Related Funds regardless of whether such limited partners are investors in such Funds or Related Funds, and/or may prospectively form Co-Investment Vehicles to permit potential co-investments by an investor in one or more transactions (whether on an opportunistic or a systematic basis) should those opportunities arise. The terms applicable to such arrangements, including management fees and carried interest, are expected to be more favorable than those applicable to the Funds or that are otherwise offered to limited partners; and

- non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require us to notify the recipients of such acknowledgements if there is a co-investment opportunity.

While the criteria we use in making discretionary co-investment decisions vary from opportunity to opportunity. Certain key factors include, among other things:

- certainty of funding—that is, whether the potential co-investor has the financial and operational resources to provide the requisite capital in a timely fashion, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- certainty of execution—that is, the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-investment opportunity, including if any investor has granted Sixth Street investment discretion in respect of its co-investments;
- any contractual obligations to provide co-investment opportunities and related remedies;
- the size of the potential co-investor’s commitment to Funds and/or Related Funds and the anticipated importance of the potential co-investor to future Sixth Street fundraising campaigns;
- the ability of the potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills, insight or strategic advice (inclusive of past contributions such as providing help sourcing and/or analyzing the transaction);
- the likelihood that the potential co-investor would require governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the investor would be willing to defer to Sixth Street and/or its related persons and assume a more passive role in governing the portfolio investment);
- the overall strategic benefit to the transaction, the Fund or Sixth Street of offering a co-investment opportunity to the potential co-investor;
- the expertise of the potential co-investor with respect to the geographic location, business activities or industry of the prospective target company or investment;

- Sixth Street's concerns regarding confidentiality or regulatory issues in connection with providing the potential co-investor with specific information relating to the investment opportunity in order to permit such party to evaluate the investment opportunity;
- Sixth Street's evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of such party to respond promptly and/or affirmatively to opportunities previously offered by Sixth Street, the expected amount of time, cost and negotiations required in connection with a potential co-investor and the transparency and predictability of the potential co-investor's investment process;
- Sixth Street's understanding of a potential co-investor's openness and ability to participate in any initial (and, if relevant) follow-on investment opportunities, should they arise;
- the level of demand for participation in such co-investment opportunity;
- the investment objectives and existing portfolio of the potential co-investor;
- the character and nature of the co-investment opportunity (including structure, geographic location, tax characteristics, applicable regulation and relevant industry);
- the tax, legal or regulatory constraints to which the proposed investment is expected to give rise;
- Sixth Street's evaluation of whether the profile or characteristics of the potential co-investor may have any other impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investor is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity by increasing the risk of antitrust or foreign investment approvals);
- Sixth Street's belief, in its sole discretion, that allocating investment opportunities to the potential co-investor will help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits to the Funds, Related Funds or future Related Funds, in each case including their portfolio investments, or to Sixth Street in its ability to generate new investment opportunities for the Funds, Related Funds or future Related Funds;
- any other issues that could influence Sixth Street in its decision to invite one or more potential co-investors to participate, such as that they are subject to FOIA;
- the reporting, public relations, competitive, confidentiality or other issues that may also arise as a result of the co-investment; and
- any other facts or circumstances that we deem appropriate or relevant in our sole discretion.

We expect that these factors will lead us (and may incentivize us) to favor some potential co-investors over others with respect to the frequency with which we offer them co-investment opportunities or a greater proportion of an investment opportunity offered to them relative to other investors or co-investors. These factors, including any broader strategic relationships or other arrangements with investors in the Funds or other parties (including in particular the amount of performance-based compensation, management fees or other fees paid by investor or co-investor receiving the priority allocation or favorable terms (as well as any additional discounts or rebates avoided by allocating co investments to such investor or co-investor)), may lead us to offer certain Fund and/or Related Fund investors co-investment opportunities on a systematic basis (for example, by granting an investor the right to co-invest in each investment that meets certain criteria or in a certain amount of co-investment opportunities over the life of all or certain Funds or Related Funds or over the life of the particular arrangement with such investor). Such arrangements may be

subject to or conditioned upon such investor making or maintaining aggregate capital commitments to certain Funds or Related Funds of a certain size threshold, over a certain period of time, or other factors.

Sixth Street has entered into multiple arrangements involving the creation of special co-investment vehicles for such investors (*e.g.*, a partnership formed to hold multiple co-investments), and the existence of such a vehicle (and the nature of our relationship or arrangement with the investor for which the vehicle was formed) is expected to increase the likelihood that we will determine to allocate co-investment opportunities to the investor for which such vehicle was formed, as opposed to other investors, including because the existence of such vehicles and arrangements increases the certainty of funding and certainty of execution, among other factors described further above.

Our exercise of our discretion in allocating investment opportunities among potential co-investors and in the manner discussed above will generally not result in proportional allocations among such co-investors, and such allocations will likely be more or less advantageous to some relative to others.

In addition, co-investments will not necessarily be made on the same terms as the Fund's investment in the portfolio investment and will generally be more favorable to co-investors than the terms on which investors would participate in such opportunity through Funds. For example, co-investors typically pay no advisory fees or carried interest in connection with the co-investment, or pay them at a lower rate than the Fund or Funds with which they are co-investing. Co-investors may also acquire their interest in an investment at the same time as the Funds or purchase their interest from the applicable Funds after such Funds have consummated the investment in the portfolio investment (also known as a syndication, warehousing or post-closing sell down or transfer). In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which the Fund is throughout the investment process. When co-investors purchase their interest from the Fund after the Fund has consummated the investment, we typically determine the price paid by co-investors by taking into account its cost to the Funds plus the cost of capital. While we may also consider other factors to the extent we determine appropriate to fairly and equitably reflect the value of the investment, this may not result in charging the co-investors an amount that accurately reflects the full cost incurred by the Fund in connection with the investment, any interest charge on the co-investment amount or the risk borne by the Fund in connection with purchasing and warehousing the investment. Moreover, the Funds will typically bear any costs incurred in connection with the warehousing of the investment, unless they are otherwise reimbursed by the co-investors. In sum, awarding a co-investment opportunity to an investor generally would afford it proportionately greater exposure to a particular investment at a proportionately lower cost. In addition, co-investors may be subject to preferential liquidity terms than investors in the Funds. Other terms applicable to co-investments can also be expected to differ from those applicable to the Funds' investment in any portfolio investment, including in light of the structure of applicable co-investment vehicles. For example, distributions of income and proceeds related to each co-investment will be made separately from, and not aggregated with, distributions related to the applicable Fund's corresponding investments.

In addition, co-investors may have the ability to elect whether or not to participate in follow-on investments. When a co-investor elects not to participate in a follow-on investment, that decision may have the effect of increasing the Funds' sharing percentage of such follow-on opportunity, including any applicable broken deal expenses and reduce alignment between the co-investor, on one hand, and the Funds and their investors, on the other hand. In addition, and in the event we are not successful in finding co-investors for a particular opportunity, the Funds may elect not to proceed with the applicable transaction or may have greater exposure to the related investment opportunity than was intended, which could make the Funds more susceptible to fluctuations in value resulting from adverse economic or business conditions.

In certain cases, including as may be necessary or advisable to satisfy any legal, tax, regulatory or similar concerns, we may, in our sole discretion, participate directly or indirectly in co-investment opportunities.

Under certain circumstances, the portion of an investment opportunity that is allocated to co-investors would have otherwise been invested by the Funds had Sixth Street not decided to offer to co-investors the opportunity to participate in the investment. This could, *inter alia*, occur where Sixth Street and its affiliates are not required to offer a specific portion of an investment opportunity to the Funds under the Governing Documents and where Sixth Street is incentivized to offer co-investment opportunities to co-investors as a result of economic terms applicable to such co-investors (*e.g.*, one-time or ongoing fixed and/or incentive-based compensation) which would not offset the management fee payable by the Funds.

In the event that we determine to offer an investment opportunity to co-investors, there can be no assurance that we will be successful in offering a co-investment opportunity to a potential co-investor in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for a Fund or that expenses incurred by a Fund with respect to the syndication of the co-investment will not be substantial. In the event that we are not successful in finding co-investors for a particular opportunity, a Fund will consequently have greater exposure to the related investment opportunity than was intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic or business conditions. Moreover, an investment by the Fund that is not syndicated to co-investors as anticipated could significantly reduce the Fund's overall investment returns.

Additionally, from time to time, we have, and expect to continue to, invest alongside Senior Advisers (and the accounts or vehicles they manage), consultants, advisors, our employees and our affiliates (to the extent permitted pursuant to the terms of a Fund's Governing Documents), co-underwriters, co-sponsors, strategic partners or other third parties. This situation can arise for a variety of reasons based on applicable facts and circumstances, including, but not limited to, reasons relating to the strategic value from investing alongside such persons, intending to enhance the alignment of interests with our Funds, regulatory-driven considerations or where the amount of capital necessary to complete a transaction exceeds the amount we determine is appropriate for the applicable Fund.

#### *Allocation of Fees and Expenses for Broken Deals*

We employ similar procedures and principles as described above under “*Allocation of Investment Opportunities*” when allocating fees and expenses incurred in connection with “broken deals” (including expenses incurred in connection with Specialized Operational Services), or potential investments that we actively consider but do not consummate. That is, we generally make fee and expense allocation decisions while a transaction is pending based on our best judgment of the Fund or Funds and/or Related Fund or Funds to which we ultimately expect to allocate the transaction. These judgments are necessarily subjective, especially when a transaction is terminated particularly early in the diligence process. If, for example, the Fund and one or more other Funds or Related Funds considered making an investment that was not consummated, the expenses would typically be allocated among the Fund and such other Funds or Related Funds eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, fee and expense allocation decisions will generally be made by us using our best judgment, considering such factors as we deem relevant based on the facts and circumstances. Although such fees and expenses will typically be allocated *pro rata* between the Fund and the relevant other Funds or Related Funds in accordance with their proposed investments in the investment opportunity, such allocations may not be proportional (e.g., they may be based on historical allocations within a certain sub-class of investments rather than proportional by available capital) and in some circumstances another allocation method may be applied when it is determined to be more equitable (for example, where a *pro rata* allocation is inconsistent with arm's-length terms that would reasonably be expected to apply to such a transaction if the Fund, or the Fund and the relevant other Funds or Related Funds were not affiliated). Furthermore, these judgements are made after the decision to not pursue the investment has been made. There can be no guarantee that the estimated allocation would not be different if the investment had progressed further and, for example, additional due diligence or other information had been provided that would change the expected allocation among the Funds and/or Related Funds. That a transaction has been abandoned (and when it has been abandoned) is itself a determination that will involve discretionary judgement, taking into account the facts and circumstances of the transaction. Where we determine that a transaction has been abandoned, we may in the future pursue transactions in, or with the same, or a related, underlying company or issuer, in which case the Funds or Related Funds to which such new investment opportunity is allocated will have the potential to benefit from investment-related information obtained during the initial due diligence process.

As discussed above in “*Item 5 – Fees and Compensation*”, in certain instances we will evaluate investment opportunities that, if consummated, we would likely offer in part to prospective co-investors (including Co-Investment Vehicles). If such a potential investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment and co-investment will typically be borne entirely by the Fund (and any Related Funds that would have participated in such investment (other than any Co-Investment Vehicles)), rather than by any such prospective co-investors, even where a transaction is terminated late in the due diligence process and there was a substantial likelihood that such co-investors would have participated in the investment had the transaction been consummated.



The financial position of the relevant Fund or Funds and/or Related Fund may give us an incentive to allocate such fees and expenses to one such Fund or Related Fund and not to another. For example, it would be advantageous to allocate broken deal fees and expenses to a Fund and/or Related Fund that is not expected to pay carried interest to its general partner, as the fees and expenses would not affect the amount of carried interest paid—it would be zero in any case. Conversely, it typically would be disadvantageous as an economic matter to allocate broken deal fees and expenses to a Fund and/or Related Fund that is paying carried interest, as doing so would delay and reduce the amount of carried interest paid to the relevant general partner. As with our other allocation decisions, our allocation procedures and principles are designed to (but may not succeed to) help mitigate the risk that financial and other incentives improperly influence the allocation of broken deal fees and expenses.

#### *Allocation of Secondary Transfer Opportunities*

To the extent we have discretion or influence over a secondary transfer of interests in a Fund, we will consider factors that are substantially similar to those listed above under “*Allocation of Co-Investment Opportunities*,” where such factors are applicable to a secondary transfer, as well as certain tax and regulatory factors, in exercising such discretion or making such identification.

#### *Participation in Investments and Expenses, Generally*

A Fund’s investors generally participate in investments on the basis of their unfunded commitments or capital commitments and generally bear their share of general Fund expenses that do not relate to particular investments on the basis of their assets under management, capital commitments or similar metrics, in each case depending on the Fund. Sixth Street generally determines investors’ unfunded commitments and assets under management on a quarterly basis and may also be adjusted during a calendar quarter to account for certain capital activity (such as capital calls and distributions). However, such amounts are generally not adjusted during a calendar quarter for certain other activity, including activity that would otherwise affect such investors’ unfunded commitments and assets under management (e.g., deemed distributions related to the receipt of investment proceeds). As a result, depending on the Fund, the extent to which an investor participates in investments or is allocated general Fund expenses may differ compared to the level of participation or allocation that would have occurred if unfunded commitments and assets under management were calculated more frequently (e.g., on a daily basis). The extent of this difference in participation during any given calendar quarter will depend on a number of factors, including the amount of cash received from investments, the particular investments generating current income or realization proceeds, the capital commitments of new investors accepted by the Funds and the capital required to fund new investments or Fund expenses, in each case within such quarter.

With respect to certain Funds, an investor newly admitted or increasing its subscription to a Fund will generally not be required to buy into expenses paid by the Fund prior to the date of such admission or increase, but will be required to fund such expenses to the extent they are paid after such admission or increase, including expenses that may have been incurred (in whole or in part) prior to such date (though Sixth Street generally has discretion to allocate such prior period expenses to existing investors instead). For example, such investors may be allocated expenses relating to an unconsummated investment that would have closed in a prior period (and in which such investor would not have participated) if such expenses are invoiced to and/or paid by the Funds following such investor’s admission or increase. An investor may also bear its share of all expenses charged to the Funds during the calendar quarter in which such investor is admitted or increases its capital commitment, even if such admission occurs during the middle of a quarter.

See “Item 5 – *Fees and Compensation*” for additional information on the conflicts associated with the timing of allocations (and re-allocations) of expenses.

### *Conflicts Related to Transactions with Other Funds or Related Funds*

In certain instances, we may cause a Fund to purchase investments from another Fund or a Related Fund, or we may cause a Fund to sell investments to another Fund or a Related Fund. In connection with such transactions, we, the Related Advisers and/or our professionals may

- have significant investments or intentions to invest in the Fund or a Related Fund that is selling and/or purchasing such an investment; or
- otherwise have a direct or indirect interest in the investment (such as through certain other participations in the underlying investment).

We and the Related Advisers may receive management or other fees in connection with our management of the relevant Funds and/or Related Funds involved in such a transaction or in connection with the transaction itself, and may also be entitled to share in the investment profits of the relevant Funds and/or Related Funds. We, the Related Advisers and our professionals would be presented with certain conflicts of interest in effecting these transactions. To address these conflicts of interest, we will cause a Fund to engage in such transactions only if we determine that the terms and conditions of such transaction are substantially as advantageous to such Fund as the terms it would obtain in a comparable arm's-length transaction with a third party. For additional information regarding transactions between Funds, including a discussion of related conflicts of interest, please see *"Item 12 – Brokerage Practices"*, under *"Cross Transactions,"* and for additional information regarding investments by Funds in the portfolio investments of Related Funds, please see *"Conflicts Related to Transactions Alongside Other Funds or Related Funds"* and *"Conflicts Related to Investing in Different Levels of the Capital Structure."*

The Funds comprising Sixth Street Growth are composed of certain parallel investment vehicles and related AIVs (collectively, the "Sixth Street Growth Funds," and individually, a "Sixth Street Growth Vehicle"). Pursuant to the Governing Documents of the Sixth Street Growth Funds, one Sixth Street Growth Vehicle is structured to make certain loan or structured debt investments (such investments, together with any instruments or investments associate with such loan or structured debt investment that we designate as part of the same portfolio investment, the "Loan Origination Investments"), and another Sixth Street Growth Vehicle is permitted to (without being required to) participate in such investments through secondary acquisitions from such Sixth Street Growth Vehicle ("Secondary Loan Investments") and together with the Loan Origination Investments and related transactions between the originating and acquiring Sixth Street Growth Vehicles, "Structured Loan Investments"). For purposes of this section *"Conflicts Related to Transactions with Other Funds or Related Funds,"* "originating Sixth Street Growth Vehicle" shall refer to a Sixth Street Growth Vehicle originating Loan Origination Investment(s) and "acquiring Sixth Street Growth Vehicle" shall refer to a Sixth Street Growth Vehicle that acquires Secondary Loan Investment(s). This arrangement (which is part of Sixth Street Growth's broader investment mandate) is explicitly permitted by the Governing Documents of the Sixth Street Growth Vehicles, pursuant to which Secondary Loan Investments will be made by the acquiring Sixth Street Growth Vehicles at the fair market value of the relevant Loan Origination Investment, as determined at the time of transfer by us and as supported by a valuation of an independent third-party valuation agent and approved by the Independent Advisor (as defined below). The originating Sixth Street Growth Vehicles will be entitled to receive fees from the acquiring Sixth Street Growth Vehicles in return for the opportunity to acquire the loan portion of any Secondary Loan Investments (the "Structured Loan Fee"), which is based on a fixed percentage of the purchase price. However, we will have the discretion, subject to the prior approval of an experienced, qualified independent advisor (an "Independent Advisor") retained and compensated by the acquiring Sixth Street Growth Vehicles for the purpose of assessing Secondary Loan Investments, to adjust the rate or otherwise modify the calculation of the Structured Loan Fee as it determines appropriate. As explicitly set forth in the Governing Documents of the Sixth Street Growth Funds, no approval of the advisory committee or the limited partners of the Sixth Street Growth Funds will be required for the payment by an acquiring Sixth Street Growth Vehicle, of the receipt by the originating Sixth Street Growth Vehicle, of the Structured Loan Fee.

Participating Sixth Street Growth Vehicles in such Structured Loan Investments may have different exposure to such Structured Loan Investments for any number of reasons, including the amount of Loan Origination Investments in which a Sixth Street Growth Vehicle may participate, the election to participate or not participate in the Structured Loan Investment by an acquiring Sixth Street Growth Vehicle, and any changes to the commitments in the

participating Sixth Street Growth Vehicles. There may be circumstances where one participating Sixth Street Growth Vehicle holds multiple distinct classes or types of interests in a portfolio company, and another participating Sixth Street Growth Vehicle does not hold all such different classes or types of interests. This could result in those participating Sixth Street Growth Vehicles' interests being adverse to each other as a result of the participating Sixth Street Growth Vehicle owning interests in different instruments and different levels of the capital structure of the relevant issuer, which could lead to actual or potential conflicts of interest.

In addition, the potential differences in the Loan Origination Investment portfolios and the Secondary Loan Investment portfolios, respectively, of originating Sixth Street Growth Vehicles and acquiring Sixth Street Growth Vehicles, as well as the differences in expenses and fee income may result in such Sixth Street Growth Vehicles having materially different investment performances, returns and risk profiles.

Secondary Loan Investments and the related fees will not require the approval of the advisory committee of the Sixth Street Growth Funds and the terms of the transactions will be decided solely by our affiliates and the prices at which these transaction occur will be based on our affiliate's own valuation of fair value, as supported by a valuation of an independent third-party valuation agent. We and our affiliates may have economic incentives to structure these transactions to favor one Sixth Street Growth Vehicle over another, such as when such Sixth Street Growth Vehicle is more likely to pay carried interest to its general partner. In addition, although an acquiring Sixth Street Growth Vehicle cannot consummate a Secondary Loan Investment without the approval of an Independent Advisor, such Independent Advisor may also have certain interests that diverge from the interests of investors in the acquiring Sixth Street Growth Vehicle arising from, for example, the Independent Advisor's compensation scheme and our ability to retain or remove the Independent Advisor.

#### *Conflicts Related to Transactions Alongside Other Funds or Related Funds*

From time to time, a Fund and one or more other Funds or Related Funds make investments in the same portfolio investment or issuer. In light of each Fund's and Related Fund's investment strategy, together with the anticipated allocation of investment opportunities among the Funds and Related Funds, the timing, price or other terms on which the Funds participate in or dispose of an investment are expected to diverge between Funds or Related Funds participating in the same investment. For example, under certain circumstances, a Fund may invest in portfolio investments prior to or following an investment made in the same portfolio investment by another Fund or Related Fund, and the timing of such purchases or the aggregate hold size may cause such Fund's and such other Fund's or Related Fund's effective prices of the portfolio investment to differ. Further, a Fund may not, for example, invest through the same investment vehicles, employ the same credit, hedging, or investment strategies as another Fund or Related Fund. A Fund or Related Fund may also act in various capacities (e.g., as administrative agent) or in another capacity in connection with a portfolio investment and may earn fees in such capacity, in which case another Fund may not receive the benefit of these fees.

There can be no assurance that such Funds and/or Related Funds investing alongside each other would exit an investment at the same time or on the same terms. Differences in each Fund's and Related Fund's terms, investment periods, structures, investment strategies and/or other factors could result in making or exiting investments at different times, at different effective prices or with differing costs or terms or in participating (or not participating) in follow on investments or other offerings from the same issuer. In addition, each Funds and/or Related Fund may express inconsistent or divergent views of a commonly held investment, or of market conditions, and the interests of such Funds and/or Related Funds may diverge from those of the Funds. This could cause a Fund to dispose of, increase its exposure to, participate in other offerings of the issuer or continue to hold the investment at a time when another Fund and/or Related Fund have adopted a different strategy. As a result, the actions of another Fund and/or Related Fund could affect the value of a Fund's investment or the price at which the Fund purchases or disposes of an investment. For example, a sale by another Fund or Related Fund of its investment could put downward pressure on the value of another Fund's interest, which that Fund has opted to hold for a longer term. Conversely, the acquisition of an investment by a Fund or Related Fund prior to another Fund's acquisition of such investment could increase the purchase price of such investment for that Fund. Furthermore, to the extent that a Fund's or Related Fund's position in a particular investment is greater than another Funds' investment, or to the extent that the fee or other terms of a Fund or Related Fund are more favorable to the Sixth Street Adviser or Related Adviser, the Sixth Street Adviser or Related Adviser may have incentives to favor the interests of such Fund or Related Fund over the interests of another Fund. Each of the Funds and/or Related Funds may make or exit an investment in a number of installments, which

increases the likelihood that other Funds and/or Related Funds will make and/or dispose of investments, in whole or in part, on different terms, including price. For instance, Funds are often expected to co-invest in transactions alongside other Funds and/or Related Funds, which have materially different investment periods and terms. In such circumstances, Funds may exit an investment significantly earlier (or later) than such other Funds and/or Related Funds and the proceeds realized in respect of the investment may differ as between such Funds and/or Related Funds, due to changes in the performance of such investment, or in market conditions generally, subsequent to such Funds' and/or Related Funds' exits, and such differences may be material. In certain circumstances, the Funds, together with other Funds and/or Related Funds, may be able to exercise influence or control only as a result of their combined interests in and/or cooperation with respect to an issuer or borrower. If a Fund exits an investment prior to another Fund and/or Related Fund, the Fund's ability to exercise such influence or control may be reduced or eliminated.

In addition, in certain circumstances Funds and/or Related Funds investing alongside each other may be able to exercise influence or control only as a result of their combined interests in and/or cooperation with respect to an issuer or borrower. If another Fund and/or Related Fund exits an investment prior to the Funds, a Funds' ability to exercise such influence or control may be reduced or eliminated.

In particular, in the event that a Fund has made a portfolio investment in an operating company and is presented with an opportunity to make a subsequent investment which would result in such Fund exercising "control" over such operating company, we may offer a Related Fund an appropriate portion of such subsequent investment opportunity as reasonably determined in our discretion. In such a circumstance, the Related Fund will have different considerations from the Fund in relation to, and in its exercise of control over, such investment, including availability of capital (including for follow-on investments) as well as different basis in the investment, financing availability and terms, and investment objectives and time horizons.

Further, the investment objectives, guidelines and focus of one or more Funds and/or Related Funds (including, as noted above, Funds and/or Related Funds that are expected to be formed in the future) overlap and are expected to continue to overlap with the investment objectives, guidelines and focus of the Funds. See also "*Allocation of Investment Opportunities*." As such, the Funds currently do, and are expected to continue to, invest in companies or issuers alongside one or more other Funds and/or Related Funds or in which one or more other Funds and/or Related Funds have invested or may invest in the future, and these investments may be of a different class or type than the class or type of interest held by another Fund (for example, at a different level of the capital structure of a particular company or issuer). Such investments are expected from time to time to be made and/or disposed of at different times and on different terms (including price). Such divergences may be material and occur for various reasons, including as a result of tax, legal or regulatory constraints as well as one or more factors described above in "*Allocation of Investment Opportunities*." Such overlapping investments may give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest, including as a result of one fund having more favorable fee, expense, compensation or other terms than the other, and actions may be taken for certain Funds and/or Related Funds that are adverse to other Funds. For a discussion of the potential conflicts involved in such investments, please see "*Conflicts Related to Investing in Different Levels of the Capital Structure*" below.

In certain circumstances in which the Funds invest in a portfolio investment in respect of which such Funds and/or other Funds and/or Related Funds already hold an existing investment in one or more different classes, tranches or types of related interest, Sixth Street may consider that it is in the best interests of such Funds and/or Related Funds to structure such investment in a manner (or enter into one or more transactions) designed to ensure that such Funds' and/or the Related Funds' respective investments in each class, tranche or type of interest are held pro rata to their overall investment size or in such other proportion as Sixth Street considers fair and equitable (as described further below). Although the purpose of adopting such structures or entering into such transactions will generally be to avoid or mitigate conflicts of interest which may arise as a result of different Funds and/or Related Funds holding different investments, or different proportions of investments, at different levels of the capital structure (see "*Conflicts Related to Investing in Different Levels of the Capital Structure*"), such investment structures or transactions may themselves give rise to conflicts of interest (including as a result of Funds and/or Related Funds transferring or exchanging a portion of their existing investment). We have implemented processes to identify and mitigate such conflicts and we seek to manage any such conflicts on a case-by-case basis in accordance with the Governing Documents of the relevant Funds and other factors that may be applicable, which may include seeking advisory committee approval if required or appropriate.

Certain Funds are expected to invest in issuers that may present attractive opportunities for multiple other Funds and/or Related Funds. It is likely that a portion of a Fund's portfolio investments will be alongside, or in portfolio investments of, one or more other Funds and/or Related Funds, and, as a result, the conflicts of interest described above relating to such Fund's investment alongside other Funds and/or Related Funds are expected to occur with greater frequency. Furthermore, the issuers in which such Fund invests may have multiple classes and types of securities, loans and/or other instruments. This increases the likelihood that Funds and/or Related Funds will make investments in the same or related issuers or borrowers at different levels of the capital structure as described in "*Conflicts Related to Investing in Different Levels of the Capital Structure*."

#### *Conflicts Related to Investing Alongside SLX*

Co-investments alongside SLX will be subject to relevant provisions of the Investment Company Act. Pursuant to the Investment Company Act, absent exemptive relief from the SEC, a business development company is not permitted to co-invest with affiliate funds, such as the Funds, unless the only terms subject to negotiation are price and amount of securities to be acquired. SLX applied for, and was granted, one form of such exemptive relief via an exemptive order that permits SLX to engage in certain types of co-investments with affiliates. Specifically, this exemptive order permits SLX, under certain circumstances and subject to enumerated conditions, to co-invest in middle market loan origination activities for companies domiciled in the United States alongside the Funds and other Related Funds. While SLX has applied for amended co-investment exemptive relief that, if granted, would also extend to any Additional Regulated Funds, there can be no guarantee that any such exemptive relief will be obtained or if obtained that it will be beneficial to the Funds.

Regarding prospective co-investments involving SLX, we may determine that it is in the best interests of the Funds to engage in co-investments or follow-on or add-on investments (which may be small relative to the size of its overall investment) in connection with existing portfolio investments in order to preserve regulatory flexibility, or ensure that the Funds are able to exercise all rights attaching to the portfolio investment, or may take other steps or cause the Funds to enter into other transactions or investment structures that the Funds' general partners determine are in the best interests of the Funds while complying with the terms of SLX's exemptive relief or relevant provisions under the Investment Company Act. These may include, in particular, in order for SLX to participate in a particular middle-market loan origination opportunity in respect of a company domiciled in the United States in circumstances in which the Funds already hold an investment in the relevant company, we may (where we determine that it is otherwise fair and reasonable under the circumstances) cause the Funds to dispose of all or a portion of their existing investments in such company, as SLX would otherwise be restricted under the conditions of the Exemptive Relief Order from participating in such opportunity. In addition, to the extent the Funds hold investments in the same issuer as SLX that were not acquired pursuant to its existing exemptive relief, the Funds may be restricted in their ability to exercise remedies that would otherwise be available to them in the event such issuer were to become distressed, in particular if the Funds are invested in a different part of the company's capital structure relative to SLX. While the Funds' general partners may be incentivized (or in hindsight appear to have been incentivized) to enter into such transactions on behalf of the Funds if they would also benefit SLX or an Additional Regulated Fund (for example, by permitting SLX or an Additional Regulated Fund to participate in an additional investment opportunity in which they would have otherwise been restricted), any such transactions by the Funds would be undertaken only upon a good faith determination based on applicable facts and circumstances that they were in the best interests of the Funds. Each of these circumstances may result in differences in price and terms, and the incurrence of additional costs by the Funds, and advisory committee or investor approval will generally not be required under the terms of the Governing Documents. Similar considerations are also expected to apply to any Additional Regulated Funds.

#### *Conflicts Related to Transaction Structuring Involving Multiple Funds or Related Funds*

Certain Funds are permitted to pool certain investments with one or more Funds or Related Funds (an "Asset Pool"), including for the purposes of obtaining leverage or other financing, or seeking a full or partial exit from one or more investments. In such circumstances, a Fund may contribute assets to, and hold interests in, Asset Pools alongside one or more other Funds and/or Related Funds. An Asset Pool may be managed or controlled by us or our affiliates, or may be managed and controlled by a third party, and securities or other interests in the Asset Pool will be owned by the Funds and Related Funds. The consummation of any such transaction will involve the exercise of our and our affiliates' discretion with respect to a number of material matters, which may give rise to actual or potential conflicts. For example, in determining the proportionate interest of a Fund and the other Funds or Related Funds in the Asset

Pool (or particular classes or tranches of securities or others interests in the Asset Pool), we and our affiliates will be required to determine the relative value of assets contributed to the Asset Pool, and value of securities or interests (or particular classes or tranches thereof) issued by the Asset Pool. In making this determination we and our affiliates may engage or seek the advice of any third party independent expert; however even if such advice was sought, valuing such assets and interests and, therefore, the value of the Fund's interest in, or proceeds received from, any Asset Pool, will be subjective. For the avoidance of doubt, co-investments as between Funds and/or Related Funds made through one or more aggregation entities will generally not be considered "Asset Pools".

In addition, in connection with such transactions, Sixth Street will have broad discretion to determine whether and to what extent such a transaction constitutes a disposition of the contributed assets under the terms of the Governing Documents, and how interests in or proceeds from the Asset Pool are attributed to those investors that participated in such contributed assets, each of which may have a material impact on an investor's returns in respect of such investments or the Fund more generally. In addition, a Fund will generally be exposed to the performance of all assets in an Asset Pool and those investments contributed to the Asset Pool by other Funds and/or Related Funds may not perform as well as those investments contributed by the Fund. Accordingly, the returns of the Fund in respect of investments contributed by it may be lower than if it had not been contributed to the Asset Pool.

Counterparties in transactions in which Funds and/or Related Funds participate alongside other Funds and/or Related Funds may (and commonly do) require transacting with only one fund entity or Sixth Street affiliated entity, which may result, (i) if a Fund is a direct counterparty to a transaction, such Fund assuming liability for purposes of transacting with such counterparty with respect to its own share as well as other Funds and/or Related Funds' shares of any applicable obligations, or (ii) if such Fund is not the direct counterparty, such Fund having a contribution obligation to the relevant other Funds and/or Related Funds or Sixth Street affiliated entity. Alternatively, a counterparty may agree to transact directly with multiple funds, which could result in Funds and/or Related Funds being jointly and severally liable alongside each other for the full amount of the applicable obligations. In cases in a Fund could be responsible for the liability of another Fund and/or Related Fund, we generally expect that the applicable parties would enter into a back to back or other similar contribution or reimbursement agreement. However, if any one or more of such Funds and/or Related Funds do not have sufficient resources to pay its liability, another Fund could bear more than its pro rata share of the relevant loss. It is not expected that such Funds and/or Related Funds will be compensated for agreeing to assume liability vis à vis a third party. Sixth Street will endeavor to allocate liabilities and obligations of the Funds and Related Funds owning an interest in a portfolio investment in a manner which it believes is fair and equitable and which will generally be pro rata in accordance with their respective interests in the relevant investment. However, the Funds and Related Funds may incur disproportionate liabilities in certain circumstances, including as a result of differing relative exposures to one or more assets comprising a portfolio investment resulting from their differing terms, investment periods or investment objectives, which may give rise to conflicts with respect to the price, timing and manner of disposition of an investment.

A Fund or a company in which a Fund holds a portfolio investment will from time to time invest in opportunities that other Funds or Related Funds have declined, and likewise, a Fund will from time to time decline to invest in opportunities in which other Funds or Related Funds have invested. In addition, Sixth Street, one or more of its affiliates, and/or one or more of its or its affiliates' employees may from time to time invest in opportunities offered to, but rejected by, the Funds.

*Structured Products Related Investments.* Investments in structured products have and are expected to take a variety of forms. Certain of the securities, instruments and other assets that may be securitized are described in "*Structured Finance Securities*", "*Mortgage-Backed and Asset-Backed Securities*", "*Commercial Mortgage Loans*" and "*Residential Mortgage Loans*". Further, as described in "*Structured Finance Securities*", the nature, form and terms applicable to a securitization, including the tranches or levels of risk acquired or retained by a Fund, present risks that are incremental to risks associated with the underlying assets. If Funds acquire or retain different tranches in the same securitization vehicle, and whether or not such securitization vehicle is managed by Sixth Street, this would present potential conflicts of interest similar to those described in "*Conflicts Related to Investing in Different Levels of the Capital Structure*" and "*Capital Structure Considerations Specific to CLO Investments*".

Investments relating to structured products are also expected in certain cases to take the form of investments in businesses that support the creation of structured products. For example, we and/or the Funds may invest in the public or private debt and equity of operating companies that originate assets that may be securitized (e.g., banks, finance

companies and other companies), asset servicers (e.g., loan servicers that specialize in the management, collection and recovery of assets) or other market participants (e.g., companies with data on borrowers and geographic trends or other market or technological expertise). Conflicts of interest have the potential to arise where, for example, we or one Fund holds an interest in a company that originates loans or a company that is a loan Servicer, and such portfolio company sells assets or provides services to, another Fund or securitization vehicle managed by Sixth Street. Related conflicts of interest are described further in “*Conflicts Relating to Third-Party Service Providers*” and “*Transactions With or Between Portfolio Companies*”.

In addition, we or one of our affiliates could act as underwriter or in a similar capacity in connection with a transaction to securitize the assets held by one or multiple Funds. Such a transaction could raise conflicts of interest, as we or our affiliate would be incentivized to act in such capacity as a recipient of potential fees or other compensation in connection therewith. While our ability to provide underwriting or similar services to one or more Funds or their portfolio investments will be subject to any limitations or restrictions set forth in applicable Governing Documents (and under applicable law, including the Advisers Act), as general matter we would not expect fees or other compensation received by us in this capacity to offset management fees payable by the Funds or their investors.

Any such transactions will be subject to the requirements set forth in applicable Governing Documents, as well as the requirements applicable to the Sixth Street Adviser under applicable law, including the Advisers Act. Transactions between portfolio companies would not, in most cases under the Governing Documents, require the review and approval by, or disclosure to, an advisory committee or otherwise, as further described in “*Transactions With or Between Portfolio Companies*,” but we intend to consider the facts and circumstances applicable to the specific individual scenarios when making such a determination. With respect to transactions between us and a portfolio company, while in most cases the Funds are permitted to enter into arm’s-length transactions or arrangements with Service Providers affiliated with us, for example, in order to facilitate the origination, purchase, management, financing and disposition of assets by a Fund, any such transactions are typically subject to the approval by a Fund’s advisory committee and are required to be on terms no less favorable to a Fund than terms that could have been obtained from an unaffiliated third party or as otherwise approved by the Fund’s advisory committee, and similarly we intend to consider applicable facts and circumstances when determining whether or not a specific engagement or other transaction is appropriate and consistent with arms’-length terms. See also “*Conflicts Related to Transaction Structuring Involving Multiple Funds or Related Funds*” for additional discussion on conflicts of interest relating to Asset Pools.

#### *Conflicts Related to Investing in Different Levels of the Capital Structure*

The Funds and Related Funds currently (and will in the future) invest in a broad range of asset classes throughout the corporate capital structure, including investments in corporate loans and debt securities, preferred equity securities and common equity securities; certain Funds and Related Funds also engage in short selling. Accordingly, in certain circumstances, a Fund expects to hold interests in an entity that is of a different class or type than the class or type of interests held by one or more other Funds or Related Funds in that same entity. Such differing interests may be *pari passu* or may be junior or senior to one another. In other circumstances, the Funds and Related Funds may each hold the same interests but in different proportions. This may give rise to actual, apparent or potential conflicts of interest, and such conflicts will be increased where a Fund and/or a Related Fund holds a material equity interest in, or otherwise has a material influence on the management, of a company in which another Fund and/or any Related Fund holds a portfolio investment. In that regard, one Fund may make an independent decision with respect to a transaction that is adverse to another Fund.

In addition, were a Fund to invest in or originate the debt of a company in which another Fund or a Related Fund holds equity or junior debt, including in connection with the purchase of a pool of securities by a Fund or another Fund or a Related Fund, the Fund would be senior to such other Fund or Related Fund in the capital structure of the company and the interests of the Fund such other Fund or the Related Fund could be adverse in certain circumstances. In a distress or workout scenario, including a bankruptcy, insolvency or similar proceeding, the Fund could recover on its investment while such other Fund or Related Fund holding equity or junior debt might not. In addition, in these circumstances, if additional investment is necessary (including as a result of financial or other difficulties) it may not be in the best interests of the Fund, for example, as a holder of senior secured debt issued by such company, to provide such additional financing. However, if another Fund or Related Fund holding more junior debt or equity positions

were to lose its respective investment as a result of such difficulties, our ability or willingness to recommend actions in the best interests of the Fund might be influenced by our duties to such other Fund or Related Fund.

Conversely, it is also possible that the Fund could hold interests in a company that rank junior to the interests held by another Fund or Fund or Related Fund in the same company. Such other Fund or Related Fund may take actions in its own interests with respect to its rights as a creditor (for example, with respect to breaches of covenants) that may be adverse to the interests of the Fund as a more junior debt holder. In addition, if such a company were to enter a distress or workout scenario, including a bankruptcy, insolvency or similar proceeding, the Fund's interest would be subordinated or could otherwise be adversely affected by virtue of the involvement and actions of another Fund or Fund or Related Fund. For example, in the event a company enters bankruptcy, a Fund or Related Fund holding securities which are senior in bankruptcy preference may have the right to pursue the company's assets to fully satisfy such company's indebtedness to such Fund or Related Fund, and Sixth Street might pursue such remedy on behalf of such Fund or Related Fund. This may result in a loss or substantial dilution of the Fund's portfolio investment, while another Fund or Fund or Related Fund recovers all or part of amounts due to it.

In addition, a Fund and another Fund or a Related Fund may hold portfolio investments and pursue an investment strategy which diverge or are directly adverse to each other (including where another Fund or a Related Fund engages in a short sale or similar transaction in respect of any investment in which a Fund holds a long position). These situations would present numerous conflicts or the appearance of conflicts, including, for example, the appearance that the Funds or the Related Fund declined to act in furtherance of its economic interests. Funds and Related Funds will not be required to take any action or refrain from taking any action to mitigate potential losses by another Fund.

From time to time, a Fund may also participate in releveraging and recapitalization transactions involving portfolio investments in which other Funds or Related Funds have invested or will invest, including alongside such Funds or Related Funds. Similarly, a Fund may provide financing to a third party that is transacting with another Fund or Related Fund, including a third party that is acquiring or refinancing (directly or indirectly) a portfolio investment held by another Fund or Related Fund. Conversely, another Fund or a Fund or Related Fund may provide financing to a third party or portfolio investment in circumstances in which a Fund is disposing of, refinancing or otherwise being repaid in respect of, a portfolio investment. These transactions are likely to present conflicts of interest, including as to whether existing investors, which could include Funds and/or Related Funds, are receiving value which is higher or lower than fair market value or are otherwise transacting on arm's length terms. Where a Fund and/or another Fund or Related Fund participate as existing investors in a portfolio investment that is undergoing these types of transactions, there is no guarantee that such Fund or such other Fund or Related Fund will participate as new investors in the same relative proportion as the initial investment or at all, which will depend, among other things, on such Fund's and each other Fund's or Related Fund's investment objectives, strategies and structure, as determined by us. For example, these circumstances may arise where one Related Fund has insufficient available capital to participate in a follow-on investment, is precluded from participating based on concentration or timing limitations in its governing documents, has reached its maximum suitable exposure to a particular company, issuer or borrower or other factors (see "*Allocation of Investment Opportunities*").

With respect to companies or issuers in which Funds or Related Funds hold equity investments, such Funds or Related Funds may hold, or seek to acquire, controlling or significant influence positions in such companies or issuers. Certain actions of a company or issuer that a Fund or Related Fund is in a position to control or influence may be in the interests of such Fund or Related Fund but adverse to another Fund. For example, a Fund or Related Fund could have an interest in pursuing an acquisition that would increase indebtedness, a divestiture of revenue-generating assets, or another transaction that, in the a Fund's or Related Fund's judgment, could enhance the value of the Fund's or Related Fund's investment, but would subject the investment made by another Fund to additional or increased risk, which would instead be benefitted by placing tighter restrictions on the types and the amounts of the issuer's or company's permitted investments and acquisitions. In addition, conflicts could arise in negotiating the price of the debt or other instruments, the characterization of such debt securities or other instruments, the nature of the covenants running in favor of lenders and the other terms and conditions of the investment, and in determining whether payment obligations and covenants should be enforced, modified or waived, or whether investments should be refinanced or restructured.

The relevant Fund or Related Fund is also likely to have the ability to determine (or significantly influence) the outcome of all matters requiring investor approval and to cause or prevent a change of control of such company or issuer, or a change in the composition of its board of directors and could, among other things, preclude any unsolicited



acquisition of such company or issuer or the incurrence or repayment of indebtedness or other liabilities by such company or issuer. The interests of such Fund or Related Fund with respect to the management, investment decisions or operations of a company or issuer may at times be in direct conflict with those of another Fund, which will not have the same level of control or influence over the company or issuer by virtue of its portfolio investment.

In many cases, the potential conflicts of interest described above will be mitigated by established policies and procedures to address certain types of conflicts and/or the nature and structuring of portfolio investments. In addition, in many cases, the nature of a Fund's or Related Fund's investments will not give rise to controlling or significant influence positions in such companies, and we seek to avoid or mitigate scenarios where, for example, a Fund or Related Fund invested in the debt of an issuer could control adverse actions with respect to another Fund invested in the equity of the same issuer. We do not generally structure investments to put one Fund or Related Fund in control of the equity of an issuer or company and another Fund or Related Fund in control of the debt of the same issuer or company.

Where potential or actual conflicts of interest arise between Funds and/or Related Funds and their respective portfolio investments, in addition to any approvals, disclosures or similar procedures set forth in the Governing Documents of the Funds, we seek to avoid or mitigate such conflicts taking into account the nature, facts and circumstances of the applicable conflict. For example, we may adopt certain policies or procedures relating to their management of a portfolio investment such as abstaining from voting, or exercising a vote in the same manner as a majority of unaffiliated third parties holding the same interests, on matters put to the relevant security-holders of the portfolio investment. In many cases, the nature of a potential conflict of interest will evolve over time such as where an issuer, borrower or company undergoes distress or Funds or Related Funds acquire or dispose of investments. As a result, the approach we take to mitigating a conflict of interest may correspondingly evolve and any policies or procedures that are implemented may be implemented either at the time a potential conflict of interest is identified and/or at such later time as an actual conflict of interest becomes apparent. In any event, such measures may not succeed in mitigating the relevant conflicts they were designed to address. Adopting any such policies or procedures may result in the Funds voting on matters or otherwise exercising (or failing to exercise) their rights in respect of a portfolio investment in a manner which is not in the best interests of the Funds, and advisory committee or investor approval will generally not be required for such actions.

#### *Capital Structure Considerations Specific to CLO Investments*

The conflicts of interest described above in “*Conflicts Related to Investing in Different Levels of the Capital Structure*” with respect to corporate capital structures also apply in other similar contexts, such as investments in CLOs. If the Funds and/or Related Funds make investments in different tranches of the same CLO, or in the same tranches in different proportions, the interests of such Funds and Related Funds may be adverse in certain circumstances. For example, holders of CLO Equity will typically have the right to redeem or call the CLO and may do so at a time when holders of CLO liabilities would prefer to remain invested in the CLO. Conversely, in an event of default or the failure of applicable CLO indenture tests, CLO governing documents will typically divert interest and/or principal amounts to pay holders of CLO liabilities in order of seniority and in certain circumstances holders of senior tranches of CLO liabilities will have the ability to require the liquidation of a CLO, even if the timing of such liquidation would diminish amounts available to be paid to holders of more junior tranches of CLO liabilities and holders of CLO Equity.

In addition, the conflicts of interest described above are also expected to apply indirectly in the context of the Funds' investments in CLOs. Specifically, a Sixth Street-managed CLO may make investments in an issuer that are of a different class or type than the class or type of interest held by one or more other Funds or Related Funds in that same entity (or *vice versa*), with the Funds, in turn, holding interests in such Sixth Street-managed CLO.

#### *Conflicts Related to Other Investments by Funds and Related Funds*

A Fund or a Related Fund occasionally invests in a competitor or customer of, or a service provider or supplier to, or person having some form of contractual relationship with, one or more Funds or a company in which they hold a portfolio investment, and which companies may or may not be part of the same corporate group. This may give rise to certain conflicts of interest, including because any such Fund or Related Fund (as applicable) or the relevant company may take actions for commercial reasons that have adverse consequences for other Funds or their portfolio investments or may obtain information while dealing with its portfolio investments that it is prohibited from acting on or disclosing to those other Funds even though such action or disclosure would be in those other Funds' interests.

Further, another Fund or Related Fund or its portfolio investment may take actions for commercial reasons that have adverse consequences for the Fund or its portfolio investment, such as seeking to increase its market share at the expense of the company in which the Fund holds a portfolio investment (as a competitor), withdrawing business from such company in favor of a competitor that offers the same product or service at a more competitive price (as a customer), increasing prices in lock-step with other enterprises in the industry (as a supplier) or commencing litigation against such company (in any capacity). While these conflicts do not regularly arise in circumstances where the Funds hold debt or non-controlling equity positions in a portfolio investment, were such conflicts to arise in circumstances where a Funds was able to control or otherwise exercise significant influence with respect to a matter directly impacting a portfolio investment of a Related Fund, we would seek to identify and mitigate such conflict with regard to the applicable facts and circumstances and considering our obligations to each of the applicable Fund and Related Fund, including as set forth in their respective Governing Documents.

#### *Conflicts Arising from Our Relationship with the Funds and Managers of Sixth Street-managed CLOs*

We have certain contractual and economic relationships with managers of Sixth Street-managed CLOs (“Sixth Street Collateral Managers”) that may give rise to potential conflicts of interest in our dealings with certain Funds. We are affiliated with certain parties that, directly or indirectly, control Sixth Street Collateral Managers. We will be entitled to advisory fees in respect of certain Funds’ other investments and, through the control of Sixth Street Collateral Managers, our affiliates will also benefit from the asset advisory fees and performance fees received by the Sixth Street Collateral Managers from Sixth Street-managed CLOs. The Funds’ investors may also be directly or indirectly responsible for a portion of certain additional fees or expenses borne by a Fund and payable to the Sixth Street-managed CLO in connection with such investment, and the Funds’ investors will generally not receive the benefit of any offset or similar reimbursement for such additional fees or expenses received by Sixth Street Collateral Managers. To the extent permitted by the relevant Governing Documents, transactions between a Fund and affiliates of the general partner of the Fund, including Sixth Street Collateral Managers may be conducted, so long as such transactions are on terms no less favorable to the relevant Fund than could have been obtained with an unaffiliated collateral manager.

Further, while it is a general risk for investors in CLOs that a collateral manager may invest in riskier or more speculative assets to increase the performance fee that the collateral manager receives, such risk may be increased in circumstances where the Funds are investing in a Sixth Street-managed CLO, due to both the general partner receiving performance-based compensation from the Funds and the affiliated Sixth Street Collateral Manager benefitting from asset management and performance fees under the relevant collateral management agreement.

Potential conflicts of interest may also arise when a Sixth Street Collateral Manager is establishing a new Sixth Street-managed CLO. In the event that the Sixth Street Collateral Manager is unable to secure third-party investment in certain tranches, in particular the most subordinated tranches of rated debt, of the Sixth Street-managed CLO, we may have a greater incentive to make a Fund investment in such Sixth Street-managed CLO than in a third-party CLO that might result in higher returns for the investors. Although potential conflicts of interest may arise in connection with our relationship with the Funds and the Sixth Street-managed CLOs, we generally will evaluate transactions on a case-by-case basis to address any such conflicts.

#### *Conflicts Arising from the Funds’ Investments in Sixth Street-managed CLOs*

Additional conflicts of interest are also expected to arise in connection with the Funds’ investments in CLO liabilities or CLO Equity issued by Sixth Street-managed CLOs. For example, if a Sixth Street Collateral Manager is establishing a new Sixth Street-managed CLO and is unable to secure third-party investment in certain tranches, in particular the most subordinated tranches of CLO liabilities, of such CLO, the Sixth Street Adviser may have a greater incentive to cause the Funds to invest in such CLO rather than in a third-party CLO that might result in higher returns for the investors. If the Funds invest in CLO liabilities or CLO Equity issued by Sixth Street-managed CLOs, a conflict of interest may also arise where the aggregate fees received by the Sixth Street Adviser and its affiliates are higher if the Funds invest in such Sixth Street-managed CLOs than if they were to invest in CLOs managed by a third party. Conversely, where a Sixth Street-managed CLO is deemed to be an attractive investment opportunity for the Funds, the Sixth Street Adviser may nevertheless decide not to invest the Funds’ capital in such CLO if such investment would reduce the fees payable to the Sixth Street Adviser and thus would reduce the overall fee revenues of the Sixth Street Adviser and its affiliates. In general, the persons responsible for the day-to-day management of Sixth Street-

managed CLOs are also responsible for the day-to-day management of the Funds and may have competing duties and incentives in these different roles. Such persons will not owe duties to investors in the Funds in their capacities as officers or agents of the Sixth Street Collateral Managers, and may take actions in such capacities that are adverse to the Funds or its interests, including actions that benefit the Sixth Street Adviser and other Credit Market Strategies Entities. Investors should also be aware that the Funds may not be able to vote on any CLO liabilities or CLO Equity acquired in a Sixth Street-managed CLO as a result of the Funds' affiliation with the Sixth Street Collateral Manager.

In addition to conflicts of interest applicable to any investment in a Sixth Street-managed CLO, there are particular conflicts of interest associated with the Funds investing in CLO Equity issued by such a CLO. For example, where the Funds own a position of the CLO Equity in a Sixth Street-managed CLO and it is in the Funds' best interests to vote to "call" the deal and cause the redemption of the CLO securities, the Sixth Street Adviser (and the Sixth Street persons acting on its behalf) might be incentivized not to exercise that right on behalf of the Funds in their capacity as CLO Equity holder so that the Sixth Street Collateral Manager can continue earning asset management and performance fees from the CLO. Similarly, the persons responsible for the day-to-day management of both the Sixth Street Collateral Managers and the Sixth Street Adviser might be incentivized to cause the Sixth Street Adviser to exercise (or not exercise, as the case may be) certain voting rights the Funds might possess as holder of CLO Equity in Sixth Street-managed CLOs, including rights to direct a refinancing, repricing or "reset" of the relevant CLO and rights to approve amendments, grant waivers and remove the Sixth Street Collateral Manager. The foregoing considerations also apply to Related Funds that own positions in the CLO Equity in a Sixth Street-managed CLO, which is expected to own controlling positions in such CLO Equity in most cases.

The Sixth Street Adviser's possession of material non-public information ("MNPI") regarding a Sixth Street-managed CLO, one or more Underlying Loans or a borrower under an Underlying Loan of a CLO in which a Credit Market Strategies Entity or a CLO held by a Credit Market Strategies Entity invests (each, an "Underlying Borrower") or the Credit Market Strategies business may also give rise to conflicts of interest and material adverse consequences for the Funds. There is a heightened risk of the Sixth Street Adviser or Funds being deemed in possession of MNPI relating to any Sixth Street-managed CLOs in which the Funds invest as a result of the Sixth Street Adviser's affiliation with Sixth Street Collateral Managers, including the overlap of management personnel. There is also a heightened risk of the Sixth Street Adviser or Funds being deemed in possession of MNPI relating to Credit Market Strategies personnel and the Credit Market Strategies business in general.

MNPI might arise from, among other things, advance knowledge of the status or failure of coverage or collateral quality tests and the contents of forthcoming trustee reports, negotiations or other developments relating to potential refinancings, repricings or "resets," non-public knowledge of potential or actual claims, investigations, examinations, litigation and other proceedings involving Credit Market Strategies (including Sixth Street Collateral Managers and affiliated individuals) or Underlying Borrowers, non-public information about actual or potential defaults under the CLO indenture or by such Underlying Borrowers and non-public knowledge about the Credit Market Strategies business and Credit Market Strategies personnel, including those persons responsible for the day-to-day management of the Funds and/or Sixth Street-managed CLOs (e.g., in connection with expected departures, retirements or new hires, business-wide strategic decisions or initiatives, how particular personnel allocate their time and attention among various Funds or Related Funds and other Credit Market Strategies and Sixth Street matters, employment/contractual disputes, medical leaves, parental leaves, sabbaticals and other types of material incapacities). See also "*Conflicts Arising in the Allocation of Our Professionals' Time and Attention*" below. The possession of MNPI by the Sixth Street Adviser may prevent or limit the Funds from participating in attractive investments and may limit the Funds' ability to manage its exposure to any Sixth Street-managed CLO in which it invests, either by limiting the windows in which sales and acquisitions of CLO liabilities or CLO Equity may occur or otherwise restricting trading.

Although potential conflicts of interest are expected to arise in connection with the Funds' investments (if any) in Sixth Street-managed CLOs, the Sixth Street Adviser and its affiliates generally will evaluate transactions on a case-by-case basis, and the decision whether and how to address any such conflicts will be made by such persons would be expected to involve subjective judgments relating to the specific transactions and conflicts at issue. The Sixth Street Adviser and their affiliates will consider the appropriateness of any transactions presenting potential conflicts of interests and any applicable fiduciary obligations, but the resolution of any applicable conflict of interest may not be the resolution that is the most favorable to the Funds or the investors.

## *Diversity of Partners*

The Funds are generally expected to admit diverse groups of investors who have different investment programs and are subject to different legal, tax and regulatory regimes. For example, the investors will include taxable and tax-exempt entities and will be organized in various jurisdictions. Moreover, within a given category of investor (for instance, a tax-exempt investor), investors may have specific sensitivities that the Funds cannot in all cases accommodate. The nature and diversification of a Fund's investments, as well as the manner in which it makes, structures, holds and exits them, may therefore lead to a more favorable legal, tax or regulatory outcome for some investors. In selecting investments appropriate for a Fund, we will generally consider the investment objectives of the Fund and the constituent investors as a whole, not the investment objectives of any investors individually. To the extent we are able to structure certain investments based in part on the legal, tax and regulatory constraints of investors, we will not take into account such interests as they relate to each individual investor.

There are times when the interests of different groups of investors are expected to conflict. The terms of a Fund may effectively require the Fund to make decisions that affect groups of investors in different ways, including with respect to the valuation of investments, the costs associated with making certain investments, and the exercise of discretion regarding the investments in which newly-admitted investors will participate. This may occur in the event that certain investors are excused or excluded from an investment (including a follow-on investment) made by a Fund.

In addition, certain investors in any Fund may incur more costs, or be subject to different tax risks, than other investors in such Fund (or other Funds). For example, to address legal, tax, regulatory, accounting or similar considerations, we expect to structure investments in certain portfolio investments so that some (and not all) investors hold their investments through one or more AIVs. While we generally expect that the economic and other substantive provisions governing any AIV will be substantially the same as those governing the relevant Fund to which such AIV relates, taking into consideration the legal, tax, regulatory, accounting or other impetus for the alternative investment vehicle structure, an investor's rights in, and our obligations and duties as investment adviser of, the AIVs may differ from those applicable to the Fund by virtue of the alternative investment vehicle's specific terms or jurisdiction of organization. In addition, the structural attributes of certain AIVs may result in divergent return characteristics for certain investors. For example, we may elect to structure an alternative investment vehicle that results in favorable tax treatment for one set of investors but has less favorable tax attributes for another. Similar considerations also apply to structures implemented below the level of a Fund or AIV to make, manage, hold or exit portfolio investments. Making or holding an investment through a Fund as compared to one or more AIVs, through holding companies or similar vehicles as compared to through a Fund or AIV directly or through holding companies or similar vehicles with different tax, regulatory or similar attributes, will in certain circumstances give rise to conflicts between the interests of different groups of investors in a Fund. While a particular investment structure may be less favorable to a particular individual investor or group of investors compared to an alternative potential structure, we seek to structure investments considering the interests and investment objectives of the Fund as a whole.

Further, investors in certain Funds do and/or are expected in the future to represent a substantial portion of such Fund's aggregate capital commitments. With respect to those investors themselves, they could, for instance, be required to provide additional information and disclosure of such investors' or their beneficial owners' identities (*e.g.*, pursuant to regulatory requests, as a result of holding interests in the Funds above applicable legal and/or regulatory thresholds or due to requests from financing sources or other counterparties), or to aggregate their interests held through the Funds with other interests held by such large investors outside the Funds under applicable regulatory regimes (*e.g.*, pursuant to antitrust, CFTC or other industry-specific laws and regulations), which could adversely affect those investors and their holdings (whether in the Funds or otherwise). With respect to the other investors and the Funds, the Funds could incur additional expenses as a result of the investment of large investors in the Funds (including to facilitate compliance with relevant regulatory issues) which will generally be borne pro rata by all investors, or otherwise face additional regulatory complications and scrutiny with respect to investments in regulated sectors. In addition, as large investors could have the ability to unilaterally approve, block or otherwise exert significant influence over certain votes put to the investors of the Funds, they could prevent actions of the Funds which would have otherwise been in the best interests of the Funds and the investors as a whole. Further, other investors may not receive the same preferential terms granted to large investors in connection with their investment in the Funds. Moreover, in the event of a large investor's excuse or exclusion from a given portfolio investment or default in connection therewith, participating investors may be required to increase their capital contributions to the investment significantly, which, in turn, would reduce the degree of diversification of such participating investors' investments in the Funds. Finally,

with respect to perpetual Funds without a fixed term in particular, the termination of a larger investor's commitment period may result in a significant reduction in the capital available to such Funds and adversely affect their ability to pursue their investment strategies.

Separately, an investor admitted to a Fund after its first closing will generally buy into any portfolio investments made prior to such investor's admission to the Fund at cost plus an interest equivalent amount, unless the Fund determines in its sole discretion, based on the facts and circumstances available to it at the time of its determination (including if there has been a material increase in the value any such portfolio investment since the date it was made), that a different contribution would be appropriate and/or that such investor should be excluded from participating in an existing investment. In determining the price at which new investor will participate in any such investment and/or whether to exclude new investors from an existing investment, the Fund's actions may necessarily favor one group of investors over another.

Finally, investors typically engage in a broad range of investment activities in addition to their investments in the Funds. Some investors may enter into various transactions relating to the Funds or their portfolio investments, such as co-investments alongside the Funds, financing transactions for Fund portfolio investments and the acquisition of portfolio investments from the Funds. Provided that an investor is not otherwise an affiliate of Sixth Street, these types of transactions generally do not require the consent of advisory committees of applicable Funds or investors more generally. Investors that are represented on an advisory committee have interests that differ from, or conflict with, the interests of other investors due to, among other things, different legal, tax or regulatory regimes, their interests in other Funds or their overall relationship with us and our affiliates (including direct or indirect economic interests in Sixth Street-affiliated entities). Certain Funds' Governing Documents expressly provide that each advisory committee member can take into consideration solely its own interests in discharging its duties. Accordingly, such advisory committees can make decisions that benefit its members, us or our affiliates, even if those decisions are adverse to all or certain other investors and the relevant Fund's interests as a whole. Similarly, investors do not need to take into account the interests of other investors in voting on matters presented to investors more generally. In addition, certain investors that are represented on an advisory committee of one Fund may also serve on advisory committees of a different Fund, which may give rise to actual, potential or apparent conflicts of interest. For example, in a transaction between two Funds, one Fund's advisory committee member may favor the other Fund over that Fund if such member's interests are more aligned with the other Fund.

#### *Diversity of Partner Conflicts Specific to Sixth Street TAO and Sixth Street Agriculture*

The terms of the Sixth Street TAO Funds and the Sixth Street Agriculture Funds create additional potential conflicts between the interests of different investors. In managing these Funds, their terms effectively require us to make decisions that affect groups of investors in different ways, including with respect to the valuation of investments and the exercise of our discretion regarding the investments in which newly admitted investors will participate. For example, new investors may subscribe (subject to our consent and certain restrictions, including as set forth in the Governing Documents) to the Sixth Street TAO Funds and the Sixth Street Agriculture Funds, which will dilute the interests of existing investors in prospective investments and in certain existing investments. Investors in the Sixth Street TAO Funds and the Sixth Street Agriculture Funds also have the right under the relevant Governing Documents (subject to certain restrictions) to terminate their obligation to fund new investments (and investors that invested earlier will generally be permitted to do so before investors investing at a later date). If a sufficiently large percentage of such investors elect to terminate their obligations, the relevant Funds will have access to less capital than anticipated and, as a result, may not be able to fully pursue their intended investment strategy or may not be able to diversify investments in the manner anticipated at the time of subscription.

Moreover, conflicts of interest could arise to the extent different Sixth Street TAO and Sixth Street Agriculture investors hold varying ownership interests (which variances may be material) in different Fund portfolio investments. For example, there may be instances in which the interests of one or more Fund portfolio investments come into conflict (e.g., one Fund portfolio investment purchases an asset from another Fund portfolio investment, or one Fund portfolio investment is a competitor of another Fund portfolio investment), in which case we may make decisions in respect of a particular portfolio investments which are adverse to the interests of investors participating in such portfolio investment, but which benefit investors participating in other portfolio investments to which such corresponding benefits accrue (and which would therefore not arise if investors generally held the same relative interest in each portfolio investment). Similarly, such varying ownership interests between investors could result in

conflicts with respect to valuation. For example, there may be circumstances where the Funds have made multiple portfolio investments in the same narrow asset class with each portfolio investment held by different groups of investors (including through a single platform company that has received multiple funding rounds from the Funds). If we structure a realization of these portfolio investments such that a single purchaser acquires all portfolio investments for one price, we will have sole discretion as to determine the valuation of each individual portfolio investment upon exit, which may favor one group of investors over another. Similar conflicts are also expected to arise in the event that different groups of investors participate in a follow-on investment compared to the group of investors that participated in the original portfolio investment to which such follow-on investment relates, for example if an individual investor is excused, excluded or otherwise does not participate (including as a result of the termination of obligation to fund new investments) in such follow-on investment.

#### *Conflicts Related to Insurance Platform and Related Strategies*

As a broad-based alternative investment platform, Sixth Street has since inception developed, and is continuing to develop, new and diverse businesses, which may be related to or adjacent to its existing businesses. In particular, Sixth Street has developed a platform to provide certain insurance-related services, including asset and liability management advice, asset allocation, asset management, sourcing and oversight and related services (“Sixth Street Insurance”), in the European and United States insurance sectors.

Sixth Street Insurance currently provides certain of its services to portfolio investments of certain Funds (and we refer to those service recipients as “clients” of Sixth Street Insurance), subject to restrictions and/or approvals set forth in or obtained in accordance with the relevant Governing Documents. It is anticipated that the number of clients of Sixth Street Insurance in which the Funds hold portfolio investments will increase in future and it is possible that Sixth Street Insurance may also provide services to third party insurance companies or other clients operating in similar sectors. Such companies are expected to invest in the same geographies, strategies, industries or types of investment as certain Funds, or otherwise seek to pursue investment strategies similar to, or which overlap or conflict with, the investment strategies and other activities of such Funds and their portfolio investments, and therefore any such investments made by such companies (including alongside such Funds) would reduce the investment opportunities otherwise available for such Funds or their portfolio investments, or is expected, in certain circumstances, to involve co-investments (which may not be at the same time or on the same terms as such Funds) with such Funds.

In connection with Sixth Street Insurance’s activities, affiliates of Sixth Street will generally receive advisory fees or other compensation (including compensation determined in part on the basis of assets under advice or under management with respect to any client and/or incentive fees) from clients of Sixth Street Insurance (including companies in which the Funds hold a portfolio investment), and such amounts (which are expected to be material) create an incentive on the part of Sixth Street and its other affiliates to recommend the services of Sixth Street Insurance to such companies, favor its interest in Sixth Street Insurance in connection with its negotiations with companies with respect to the terms of a transaction or arrangement (including, in particular, fees payable to Sixth Street Insurance) and present investment opportunities to clients of Sixth Street Insurance instead of the Funds, including investment opportunities that may be suitable for the Funds.

Sixth Street and its affiliates or related parties could continue to receive fees, including performance-based or incentive fees, for the services described in the preceding paragraphs with respect to investments sold by the Funds or a portfolio investment to a third party buyer after the sale is consummated. Such post-disposition involvement will give rise to additional potential or actual conflicts of interest.

In addition, because Sixth Street Insurance is expected to provide, in part, non-discretionary advisory or sub-advisory services and related services (in addition to or in lieu of discretionary asset management services) to its clients who will retain independent investment management discretion (and may engage other third party discretionary asset managers), Sixth Street will not be able to control the actions of such persons with respect to any particular investment opportunity or investment decision. Such persons will not generally have a duty to act in the interests of Sixth Street, its Funds or their respective investors and, conversely, generally have affirmative duties (including those imposed by applicable law or regulation) to act in the interests of others and to prioritize those interests over the interests of Sixth Street, its Funds or their respective investors.

Clients of Sixth Street Insurance, including portfolio investments of the Funds, will generally not be our “Affiliates” for purposes of the Governing Documents of the Funds and limitations or obligations pursuant to the Governing Documents with respect to transactions with “Affiliates” will not apply, including in particular that investment

opportunities that are presented to or sourced by such persons would not be required to be offered to the Funds. To the extent Sixth Street professionals serve on the boards of directors of such companies, they may have duties to present such opportunities to them.

In addition, we expect that persons in which Funds or Related Funds hold portfolio investments, including clients of Sixth Street Insurance, will invest in certain Funds, Co-Investment Vehicles or SMAs. In circumstances where Sixth Street provides asset management services to its clients, Sixth Street Insurance expects (subject to investment guidelines and other restrictions imposed by its clients, if any) to have discretion to cause such clients to invest in such Funds, Co-Investment Vehicles or SMAs, as well as significant discretion with respect to the terms of those investments (in each case having regard to its fiduciary duties and the interests of such client, and any protocols or procedures adopted by Sixth Street, including reference to third party opinions or market benchmarking analyses), and would receive advisory and/or incentive fees in connection with such investments. Any such investments would therefore give rise to actual, potential or apparent conflicts of interest. For example, Sixth Street Insurance will be incentivized by the receipt of additional fees to allocate client assets to a Sixth Street managed Fund, Co-Investment Vehicle or SMA, in preference to products available elsewhere in the market. In addition, such client in its capacity as a limited partner in the Funds would not be an affiliate of ours (as described above) and accordingly would be expected to participate in voting, consent or similar matters presented to the partners. Although such person would be expected to participate in any such vote, consent or similar matter in accordance with instructions issued by their board of directors or another independent management function, such instructions may be influenced, directly or indirectly, by Sixth Street's interest in such person, including Sixth Street Insurance operating in an advisory capacity with respect to such person.

Clients of Sixth Street Insurance, including portfolio investments of the Funds, may also make investments alongside Funds or in certain portfolio investments of Funds to the extent that such investment opportunities are appropriate for such clients (including in circumstances where such investment opportunities are not suitable for any other Funds, whether due to the risk profile of the investment opportunity, the expected duration and returns of the investment opportunity or any other reasons). For example, clients of Sixth Street Insurance are expected to invest in certain classes, tranches or types of investments which are senior to related investments held by other Funds in the same or related entities, or may provide financing to certain portfolio investments of Funds, and in each such case the interests of Sixth Street Insurance's client and the relevant Funds would be adverse. For a discussion of relevant conflicts of interest involving Sixth Street Funds and clients investing in alongside each other and in different levels of the capital structure, please see *"Conflicts Related to Transactions Alongside Other Funds or Related Funds"* and *"Conflicts Related to Investing in Different Levels of the Capital Structure."*

In addition to existing or pooled Funds or Co-Investment Vehicles described above, Sixth Street has established and expects in the future to establish additional Funds or SMAs to pursue investment opportunities in connection with advisory or discretionary asset management services provided by Sixth Street Insurance. Many of the same conflicts of interest described above will also apply to such investments (including in connection with fees payable to Sixth Street) and, in addition, Sixth Street personnel are expected to devote time and attention to such activities (and investment opportunities pursued by such Funds, or the portfolio investments and third parties that are clients of Sixth Street Insurance), which may include sourcing, underwriting, structuring, financing, accounting, operational or other services in connection with the making, negotiating, monitoring, holding and disposition of portfolio investments themselves and/or the underlying assets or investments of such portfolio investments, and conflicts will therefore arise in relation to the allocation of their time and attention between such clients, Funds and SMAs and other Funds and clients of Sixth Street.

Furthermore, portfolio investments of one or more Funds could, as part of strategic transactions entered into with Sixth Street Insurance or otherwise, acquire a direct or indirect equity or similar interest in Sixth Street Insurance. Such an interest may be convertible into an interest in Sixth Street in certain circumstances. Any such arrangements could give rise to certain potential conflicts of interest, as we could be incentivized to cause the relevant portfolio investments (through our controlling ownership or other control of such portfolio investments) to exercise their rights attaching to their interest in Sixth Street Insurance or Sixth Street in a manner that favors our interests over those of the portfolio investments and relevant Funds.

For a discussion of certain other relevant conflicts of interest involving Sixth Street Insurance and other platform companies, please see *"Platform Companies and Strategic Business Relationships"*.

*Conflicts Arising from Other Investment Activities of the Funds and Related Funds – Possession of Material Non-Public Information*

Sixth Street Funds and investment platforms regularly obtain non-public information regarding various target companies and other investment opportunities. We generally impute non-public information received by one investment team within Sixth Street to all other investment professionals. Accordingly, if one Fund or Related Fund or its investment professionals receive non-public information with respect to a company, other Funds or Related Funds would be expected to face certain restrictions on its investment activities relating to that company. For example, a Fund may be restricted from selling securities or debt instruments in its portfolio or from purchasing securities or debt instruments that could be of interest to such Fund or Related Fund, as a result of securities law prohibitions on trading on the basis of MNPI or applicable industry conventions (e.g., with respect to secondary loan trading).

Although we have historically erected temporary information barriers from time to time to restrict the transfer of non-public information with respect to certain companies between Funds or Related Funds (or certain investment teams or professionals), we may or may not do so going forward depending on, among other factors, the facts and circumstances of potential investment opportunities that arise in the future and the evolution of trading processes across Funds and Related Funds. As a general matter, we currently anticipate that temporary information barriers will be established only on a limited basis.

The Governing Documents of the Funds and Related Funds do not require the implementation of information barriers in any particular circumstances. Further, even in circumstances where an information barrier could prevent investment personnel or teams from receiving MNPI, the establishment of a temporary information barrier may not be practicable as a result of timing or other factors relating to the pursuit of certain transactions, and we may determine not to establish (or to establish and subsequently abolish) a temporary information barrier, including in light of the impact such an information barrier could have on Funds or Related Funds or their existing or prospective portfolio investments. Even in the event any such barriers are established, we expect that over the life of the Funds the receipt of non-public information by the Funds or other Related Funds could result in the investment activities of the Funds being restricted with respect to certain types of investments in applicable companies.

Effective as of December 13, 2021, Sixth Street removed the information barrier previously maintained between Credit Market Strategies, on the one hand, and the other Sixth Street funds and investment platforms (including the Funds and their general partners), on the other hand. As a result, non-public information received by one investment team within Sixth Street will generally be imputed to all investment professionals within Sixth Street, which as a general matter would be expected to include all Sixth Street funds and investment platforms (including all Funds, inclusive of Credit Market Strategies Entities). Consequently, the receipt of non-public information by a Fund and the personnel making investments for that Fund could, as a result of securities law prohibitions or applicable industry conventions (such as with respect to secondary-loan trading), result in the Credit Market Strategies business facing restrictions on their trading activities with respect to certain companies and investments. As a general matter, Sixth Street funds and investment platforms and their associated investment teams and professionals do not expect to decline to receive non-public information on a company or otherwise pursue an investment opportunity relating to such company, even if doing so would prevent the Credit Market Strategies Entities from trading securities or debt instruments, whether or not held in a Credit Market Strategies Entity's portfolio at the relevant time. As a result, Credit Market Strategies Entities are likely to face restrictions on their trading activities with respect to certain companies and investments that could be of interest to such Credit Market Strategies Entities. This may be the case even when the Credit Market Strategies Entities are already invested in a particular company and are actively seeking to trade out of an investment.

On the other hand, and in respect of other Funds, we may be incentivized to, and we may in certain circumstances, decline to receive non-public information regarding a company if receiving such non-public information would otherwise result in the Credit Market Strategies business (including a Credit Market Strategies Entity) facing restrictions on its trading activities with respect to the relevant company and its investments more generally (including where Credit Market Strategies (including a Credit Market Strategies Entity) is already invested, or is seeking to invest, in a particular company and is actively seeking to trade out of an investment or invest in a company's financial instruments), even when the receipt of such non-public information has the potential to benefit the Funds. These considerations also apply to Funds and Related Funds other than Credit Market Strategies Entities to the extent such Funds and Related Funds are seeking to purchase or sell certain securities or debt instruments that would be restricted



by the Funds' receipt of non-public information. This could in turn prevent the Funds from pursuing appropriate and suitable investment opportunities.

#### *Conflicts Arising from Other Investment Activities of the Funds and Related Funds – Contractual Undertakings and Other Activities*

Sixth Street or its affiliates may, from time to time, enter into transactions that restrict or otherwise limit the ability of the Funds and their portfolio investments to make investments in, or otherwise engage in, certain businesses or activities, which could limit the Funds' activities and negatively impact our ability to implement the Funds' investment program. Moreover, the confidentiality agreements Funds and Related Funds enter into often include provisions, such as "standstills," that prevent other Funds from acquiring or disposing of investments in an issuer or pursuing other transactions with a company, potentially for extended periods. Any resulting delays in a Fund's acquisitions and dispositions would negatively affect that Fund's performance.

Limitations or restrictions applicable to the Funds may derive from covenants or other contractual undertakings, regulatory or similar requirements or prohibitions or other considerations. For example, in certain instances in connection with the acquisition, restructuring or disposition of investments, Sixth Street or its affiliates (including certain Funds or Related Funds) may enter into covenants or contractual arrangements that grant exclusivity to a counterparty or a non-compete undertaking, thereby prohibiting other Funds or their portfolio investments from engaging in activities that are deemed to compete with, or may otherwise be viewed as incompatible or in conflict with, the applicable investment or counterparty for a certain period of time or within specific sectors, industries, geographies or other parameters.

Similarly, Funds or Related Funds may, from time to time, make investments in portfolio investments or engage in other activities that create regulatory or similar limitations or restrictions applicable to other Funds or their portfolio investments or potential portfolio investments. For instance, in the event that a Fund or Related Fund also invests in another Fund's portfolio investments, that Fund may be subject to regulatory or legal restrictions or constraints that may not have applied had such other Fund or Related Fund not also invested in the same investment.

Further, a Fund or Related Fund may seek to make a potential portfolio investment in a company in circumstances in which another Fund is seeking to make a portfolio investment in a competing purchaser or lender, such Fund or Related Fund may take actions that prevent or limit that other Fund's ability to participate in such transaction, that may expose that Fund to adverse legal, regulatory and/or reputational consequences, and may act or direct such portfolio investment or company to act in a manner that is adverse to the interests of that Fund.

#### *Conflicts Relating to the Use of Leverage*

Certain Funds utilize various forms of leverage in connection with their investments and operations. The use of borrowed funds creates the opportunity for greater total returns and allows us to better manage a Fund's cash flows, but at the same time involves risks and potential conflicts of interest. We describe certain of the significant risks and conflicts below.

##### Fund-Level Borrowing

From time to time, Funds, directly or indirectly, borrow funds or enter into other financing arrangements, among other things, to

- pay expenses (including advisory fees),
- make or facilitate new or follow-on investments and/or temporarily fund such investments, or deferred purchase price payments, contingent purchase price payments, milestone payments or other phased payments or payments for other staged funding obligations or similar arrangements,
- make payments under guarantee, surety or hedging transactions,
- fund the payment of any withholding or other tax on behalf of or with respect to any investor, including the payment of any special tax distribution,

- cover any shortfall in capital contributions resulting from default, excuse or exclusion, or
- make or facilitate distributions of proceeds from an investment.

We refer to these borrowings generally as “fund-level borrowing.” Governing Documents generally permit Funds to borrow for these purposes subject to certain exceptions. Typically, a Fund (or one or more Fund special purpose vehicles) enters into one or more credit facilities (commonly referred to as “subscription lines”) as credit parties. The general partner of a Fund determines the credit facility’s administrative agent, lenders and terms (and any amendment, extension, refinancing, replacement or termination of the credit facility) without seeking the approval of the Fund’s investors or its advisory committee. Credit facilities typically allow revolving borrowings up to a specified principal amount that will be determined based in part on the Fund’s capital commitments and the creditworthiness of each Fund investor, the dispersion of the creditworthy investors, and the exercise of the lenders’ discretion. In particular, lenders may provide the Funds varying levels of credit, or no credit at all, for different investors, but all investors would participate in the benefits and risks associated with the credit facility’s use. In the event that lenders provide limited or no credit to a significant number of investments (or investors accounting for a significant proportion of the interests in the Funds), the Funds may not have access to any Fund-level leverage at all and, therefore, the Funds may not achieve the same rates of returns or access the same investments, and the applicable general partner may not be able to manage the Funds’ cash flows in the same manner, as they would have done had leverage been available. Generally, credit facilities provide for a specified maturity date, but a lender may have the ability to demand early repayment in the event of a default. The Fund typically pays interest on amounts borrowed under the credit facility and also pays a fee on the undrawn portion of the credit facility. Funds customarily pay a one-time fee for establishing the credit facility as well as certain other one-time and recurring fees and/or expenses. Amounts borrowed under the credit facility are generally secured by pledges of our right to call capital from, and the right of the Fund to receive amounts funded by, investors. The credit facility may also be secured by other collateral, including the Fund’s investments and collateral accounts into which the payment of capital contributions are made, and any investor claim against the Fund would likely be subordinate to the Fund’s obligations under the credit facility. While Funds tend to be the only Funds to engage in fund-level borrowing, the following discussion assumes that Co-Investment Vehicles also borrow from time to time.

Utilizing borrowed funds in advance or in lieu of calling capital affords us flexibility to manage cash flows to and from a Fund’s investors and ease the investors’ burden of responding to multiple capital calls. It also allows a Fund to act more quickly on investment opportunities, since the period of time to draw capital under a credit facility is typically shorter than the period required for calling capital from investors. However, as discussed below, utilizing borrowed funds involves risks and conflicts of interest.

#### *Certain Risks and Costs of Fund-Level Borrowing*

Fund-level borrowing gives rise to risks and costs. For example, because amounts borrowed under a credit facility are typically secured by pledges of our right to call capital from a Fund’s investors and, in limited circumstances, may also be secured by other Fund assets, a lender may foreclose on the pledged collateral, including the investors’ capital commitments and, only if applicable, the Fund’s investments, if the Fund fails to repay the amounts borrowed under a credit facility or experiences another event of default. Moreover, any investor claim against the Fund would likely be subordinate to the Fund’s obligations to the credit facility’s creditors.

In addition, fund-level borrowing will result in incremental partnership expenses that will be borne by the Fund’s investors. These expenses include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of the credit facility, an upfront fee for establishing a credit facility and other one-time and recurring fees and/or expenses.

We often have significant discretion in negotiating the terms of any credit facility, which may contain other terms that restrict the activities of the Fund and the investors or impose additional obligations on them. For example, the credit facilities may impose restrictions on the ability of the Fund’s general partner to consent to the transfer of an investor’s interest in the Fund. In addition, in order to secure the credit facility, we may request certain financial information and other documentation from investors to share with lenders. It is possible that only investors with respect to which lenders have provided the Fund with borrowing base credit would be affected. If the terms of, or the costs associated with, the credit facility for one Fund differ from those of another Fund, the returns of each Fund may diverge.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a credit facility allows us to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time.

Calling a large amount of capital at once to repay the then-current amount outstanding under the credit facility could cause liquidity concerns for investors that would not arise had we called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. We may also utilize fund-level borrowing when we expect to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital at a portfolio investment or in contemplation of a syndication or other partial sell-down. If we are ultimately unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses in a declining market.

#### *Our Incentives to Engage in Fund-Level Borrowing*

We have incentives to engage in fund-level borrowing notwithstanding the expense and risks that accompany it. For example, we intend to present certain performance metrics, such as net internal rate of return (“IRR”) and net multiple-of-money, in the Fund’s periodic reports and marketing materials for other Funds and Related Funds. Certain of our performance metrics, including our current presentation of net multiple-of-money and net IRR, measure investors’ actual cash outlays to, and returns from, the Fund and thus depend on the amount and timing of investor capital contributions to the Fund and Fund distributions to investors. To the extent the Fund uses borrowed funds in advance or in lieu of calling capital, investors make correspondingly later or smaller capital contributions. Also, borrowing to facilitate distributions of proceeds from an investment enables investors to receive distributions earlier. As a result, the use of borrowed funds generally results in the presentation of higher performance metrics than simply calling capital, even after accounting for the attendant interest expense.

Fund-level borrowing can also affect the return investors in a Fund must receive before the Fund’s general partner accrues carried interest (the “preferred return”), as well as the carried interest the general partner receives, as preferred return and carried interest generally depend on the amount and timing of capital contributions and distributions of proceeds. In particular, the preferred return typically begins to accrue after capital contributions are due (regardless of when a Fund borrows, makes the relevant investment or pays expenses) and ceases to accrue upon return of these capital contributions. Using borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. Since a Fund generally does not pay preferred return on funds borrowed in advance or in lieu of calling capital, fund-level borrowing will therefore reduce the amount of preferred return to which a Fund’s investors would otherwise be entitled had we called capital, and thus could allow the Fund’s general partner to receive carried interest sooner than it would without borrowing.

Similarly, certain Funds’ carried interest rate is based in part on a net IRR calculation. The net IRR of the Funds for these purposes will depend on the timing of actual investor capital contributions and the Fund distributions to investors, and not of the Fund’s deployment of capital. As a result, borrowing to fund portfolio investments will delay the timing of capital calls (and shorten the period between calling and distributing capital), and the applicable carried interest rate may be higher than it would be had we not used borrowings. We therefore have an incentive to cause the Fund to borrow money for investments and expenses in larger amounts or over longer periods of time in lieu of calling capital in order to potentially increase net IRR.

In addition, under the Governing Documents of certain Funds, the general partner may draw on fund-level borrowing to pay carried interest that it was entitled to receive, but did not receive, from earlier distributions of proceeds. For example, the general partner may choose to distribute the entire proceeds from a disposition to the limited partners in order to return capital contributions more quickly rather than dividing the proceeds of such disposition between itself and the limited partners in accordance with the distribution “waterfall.” If the general partner determines that it should have received carried interest as part of such distribution, it may subsequently cause the applicable Fund to borrow to pay itself (or may pay itself directly at a time when the Fund has outstanding borrowings that may otherwise have been repaid by such amounts) such amounts as it is entitled to under such Fund’s Governing Documents (including where corresponding borrowings are not made to pay distributions to investors). Such an arrangement could reduce the amount of preferred return that would accrue to limited partners as compared to distributing carried interest at the time of the original distribution.

#### *Impact on Advisory Fee Calculation*

The advisory fee payable by investors in certain Funds, where advisory fees are charged on an investor’s “actively invested capital contributions” and/or net asset value, will be impacted (and generally increased) by Fund borrowings,

since an investor's "actively invested capital contributions" and net asset value generally include amounts we borrow to fund all or part of an investment in lieu of calling capital. Therefore in those Funds, the advisory fee payable by investors will be impacted (and generally increased) by Fund borrowings since an investor would generally pay advisory fees on borrowed amounts used to fund investments even though such amounts would not accrue preferred return as described above. "Actively invested capital contributions" excludes contributions made in respect of certain portfolio investments in respect of which there has been a disposition, to the extent of such disposition.

We have broad discretion in determining whether and to what extent a disposition has occurred (including whether there has been a full or partial disposition), and a transaction's status as a "disposition" under U.S. generally accepted accounting principles or applicable tax rules shall have no bearing on a transaction's status as a disposition under the Partnership Agreements. Such determinations will reflect, among other things, fact-intensive determinations by Sixth Street, and can involve complex transactions and determinations and significant subjective judgment, including in circumstances where there are refinancings, recapitalizations, restructurings of, or other transactions that resemble follow-ons to, investments, and including in light of the Funds' investments in persons with complicated capital structures. We will have a conflict where determining that a disposition has occurred would reduce the "actively invested capital contributions" or net asset value (as applicable) and correspondingly decrease the advisory fees paid under the Governing Documents, as determined in accordance with the Governing Documents. On the other hand, determining that a disposition has occurred will result in the distributions of proceeds through the distribution "waterfall" (as described below), which in turn could result in the payment of carried interest to Sixth Street.

#### Portfolio Leverage and Other Forms of Financing

In addition to fund-level borrowing, we may utilize leverage at the level of a portfolio investment or one or more special purpose vehicles formed to invest in or hold one or more portfolio investments. Borrowings by entities other than a Fund that are not directly or fully recourse to a Fund's assets generally in the will generally not constitute fund-level borrowing for the purpose of applying the Governing Documents limitations on borrowings. The risks and costs associated with Fund-level borrowing described above (see "*Certain Risks and Costs of Fund-Level Borrowing*") generally apply to portfolio leverage.

Portfolio leverage is generally structured through one or more special purpose vehicles formed to hold one or more investments and may be applied with respect to a Fund's portfolio as a whole or with respect to one or more portfolio investments. In addition to more traditional borrowing structures, we may structure portfolio leverage facilities through the use of one or more revolving credit facilities or a special purpose vehicle in which the lenders are senior secured note holders and one or more Funds or Related Funds are subordinated note holders, and portfolio leverage may be provided by one or more investors in other Funds or Related Funds and with which Sixth Street have a pre-existing relationship.

The presence of portfolio leverage (including where it is applied in addition to Fund-level borrowing) will magnify the volatility of such Funds' investment portfolio and substantially increase the risk profile of such Funds and their investments. If the portfolio investments which are levered fail to perform to expectation, the interests of investors will be structurally subordinated to such leverage, which will compound any such adverse consequences and lenders may, under the terms of portfolio financing arrangements, have the right to withhold distributions of interest payments in respect of any or all leveraged portfolio investments for various reasons, including in the event that any such portfolio investment fails to perform to expectation.

Under portfolio financing arrangements, investments are also expected to be cross-collateralized or cross-defaulted, and accordingly multiple investments may be subject to the risk of loss. As a result, Funds could lose their interests in performing portfolio investments in the event such portfolio investments are cross-collateralized or cross-defaulted with poorly performing or non-performing portfolio investments. In addition, even if portfolio financings are not recourse to the Funds we may cause the Funds contribute additional capital to the special purpose vehicles to avoid adverse consequences to the portfolio investment (or one or more other portfolio investments), including foreclosure on the collateral at a lower valuation, where there is a risk of a default or acceleration or a "margin call" or equivalent obligation following a decline in the value of collateral.

Accordingly, Funds' use of portfolio leverage may have, amongst others, the following consequences for investors: (i) greater fluctuations in the net asset value of Fund assets; (ii) use of cash flow (including capital contributions) for

debt service, distributions, or other purposes; (iii) to the extent that Fund revenues are required to meet principal payments, the investors may be allocated income (and therefore tax liability) in excess of cash distributed; and (iv) in certain circumstances, Funds may be required to dispose of portfolio investments at a loss or otherwise on unattractive terms in order to service its debt obligations or meet its debt covenants. In addition, Funds may need to refinance portfolio leverage as it matures. There is a risk that Funds may not be able to refinance existing debt or that the terms of any refinancing may not be as favorable as the terms of the existing financing. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. These risks could adversely affect Fund financial condition, cash flows and the return on its investments.

A Fund may enter into guarantees or other forms of surety with respect to the indebtedness of third parties, including borrowers and/or issuers. In these circumstances, the creditor typically would have recourse to the Fund to satisfy the obligations of the third party. These arrangements pose many of the same risks and conflicts associated with fund-level borrowings. Although Governing Documents typically cap a Fund's ability to enter into such guarantee or surety arrangements, the caps are generally incremental to the fund-level borrowing limits.

In addition, a Fund may enter into contractual arrangements, including deferred purchase price payments, staged funding obligations, earn outs, milestone payments, equity commitment letters, certain pre-sale agreements, and other forms of credit support, and other contractual undertakings such as indemnification obligations, indemnification letters or similar or related arrangements (*e.g.*, "bad boy guarantees" that upon the occurrence of certain bad acts such as unauthorized transfers of property or breaches of certain contractual covenants create liability and/or the ability of a counterparty to seek recourse to the assets of the Funds or its subsidiaries), in each case which obligate it to fund amounts to special purpose vehicles, portfolio investments or other third parties. We would not expect such arrangements to constitute borrowings or guarantees under the applicable Governing Documents or to be subject to the related caps, even though these arrangements pose many of the same risks and conflicts associated with the use of leverage that the caps intend to address.

Funds invest from time to time in borrowers and issuers whose capital structures have significant leverage. Although we seek to use leverage in a prudent manner, the leveraged capital structure of investments increases the exposure of the borrowers or issuers to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the borrowers or issuers or their respective industries. The incurrence of significant indebtedness could also subject borrowers and issuers to restrictive covenants, terms and conditions, the violation of which would be viewed by creditors as an event of default and which could require the prepayment of debt using excess cash flow. Any such restrictive covenants, terms and conditions could also limit such borrowers' or issuers' ability to respond to changing industry conditions, make necessary capital expenditures, obtain additional financing, take advantage of growth opportunities or engage in strategic acquisitions.

#### Cross-Default

Funds and related vehicles, including parallel investment entities and lockstep vehicles, may engage in fund- or asset-level financing whereby (i) the Fund and/or such vehicles are jointly responsible on a cross-collateralized basis for the repayment of the indebtedness or financing and/or (ii) the commitments of investors in the Fund and/or such vehicles are pledged to secure the financing obtained for the benefit of such other vehicles. While such arrangements may be joint and several with respect to the Funds, such arrangements may not impose reciprocal joint and several and/or cross-collateralized obligations on such vehicles. To the extent that providers of such indebtedness or financing require that it be secured by, or have the credit support of, a particular Fund, the investors may be called upon to fund their entire commitment to repay indebtedness, which may or may not be indebtedness of the Fund in which such investor is a limited partner, and the failure of other investors to honor their commitments may result in an investor's payments exceeding its pro rata share of the indebtedness. While we intend for the Funds, where appropriate, to enter into back-to-back agreements with related vehicles in respect of certain types of credit support, a Fund would still be subject to the risk of default by such other vehicles.

Similarly, to the extent a Fund invests in the same or related assets as another Fund or Related Fund, we may structure the investment financing so that the Fund is jointly and severally liable for the financing with the other Funds or Related Funds. We expect this to arise, for example, if a Fund and Related Fund were to invest in the same portfolio investment and provide a joint and several guarantee for its indebtedness. Joint and several liability could result in

the Fund repaying all, or more than its proportionate share, of the indebtedness, exacerbating some of the risks and conflicts described above.

In addition, a Fund may utilize indebtedness to pay for deposits or other investment expenses and costs in advance of the final determination of the investment allocations among the Fund and other Funds and Related Funds. In such a circumstance, although the other Fund and Related Funds would be expected to repay the Fund for its portion of these amounts (including related interest expense) in the event it ultimately participates in the investment, the Fund would be subject to risk of default or non-participation by the other Funds and Related Funds. Similarly, a Fund may utilize indebtedness for purposes of warehousing co-investment opportunities. As described above in “*Allocation of Co-Investment Opportunities*,” this presents additional risks and conflicts of interest.

#### Tax Effects

To the extent a Fund borrows or is deemed to borrow for U.S. federal income tax purposes, it may lead to adverse tax consequences for U.S. tax-exempt investors.

#### *Conflicts Arising in the Allocation of Our Professionals’ Time and Attention*

The success of a Fund will depend substantially on our investment professionals’ ability to, among other things, source, underwrite, structure, complete, finance and manage investments, improve the operations, governance and performance of the companies and assets we acquire and exit investments at the appropriate time and at attractive valuations. To achieve those ends, our such personnel will devote such time to each Fund’s activities as we determine to be appropriate, consistent with the relevant Governing Documents. However, these people also spend time assisting other Funds and/or Related Funds with their investment activities or working on other projects. Sixth Street personnel are also expected to devote time and attention to certain companies in which the Funds and Related Funds hold portfolio investments. Although the Governing Documents generally contain certain time and attention requirements of “Senior Professionals,” there is no requirement that such personnel or other Sixth Street professionals devote a specified amount of time and attention to the affairs of specific Funds. Such requirements may be satisfied by the devotion of time and attention to any investment vehicles or programs established by Sixth Street, which includes serving on boards of directors, committees and equivalent bodies, as well as matters such as Sixth Street firm governance. Conflicts will therefore arise in the allocation of management and personnel resources as among Sixth Street’s and its affiliate’s various activities. In the event that any of such investment professionals ceases to be actively involved with a Fund, investors therein will be required to rely on our ability to identify and retain other investment professionals to conduct such Fund’s business. Such personnel may also have significant commitments or other activities outside of their business time (*e.g.*, with respect to time spent on civic and charitable activities) and at certain times may significantly decrease the level of time they spent on business activities (*e.g.*, in connection with medical leaves, parental leaves or sabbaticals).

#### *Conflicts Arising from Customized Terms Provided to Certain Investors*

Investors increasingly expect to make investments in private investment funds on customized terms. We generally accommodate these expectations by entering into written agreements, which we refer to as “side letters.” We may also provide customization by forming separate accounts for certain investors that would invest alongside the applicable Fund on terms that differ from those in the Fund’s Governing Documents. A side letter typically relates solely to an investor’s interest in a single Fund (*i.e.*, it does not relate to any other Fund or Related Fund) and allows the investor to make its investment in the Fund on terms that are different from, and usually more favorable than, those set forth in the relevant Governing Documents. These customized terms typically result in preferential treatment, with respect to, among other things:

- a “most-favored nation” or “MFN” clause, pursuant to which an investor may receive the benefit of particular rights granted in side letters of other investors in the applicable Fund;
- the fee structure, including reduced or modified advisory fees and/or carried interest or preferred return arrangements;

- the reporting or other disclosure or notification obligations of the applicable Fund;
- the right to transfer interests in the applicable Fund;
- the right to withdraw from the applicable Fund in the event of adverse tax or regulatory events, including matters related to political contributions, gifts and other such policies, (which, if exercised, would increase the other investors' pro rata interest in all the applicable Fund's investments and their contribution obligations for, future investments and expenses, and reduce the overall size of the applicable Fund);
- the ability to opt out of certain types investments (which, to the extent exercised, would increase the pro rata interest in, and contribution obligations of, other investors in those investments);
- consent rights with respect to certain amendments to documents that govern their rights and obligations and those of the applicable Fund;
- the right to withdraw from the applicable Fund in the event of adverse tax or regulatory events (which, if exercised, would increase the other investors' pro rata interest in all the applicable Fund's investments);
- the right to appoint a representative or non-voting observer to the advisory committee of the applicable Fund, if applicable, or other similar advisory groups;
- additional confidentiality protections or waiver of existing confidentiality obligations and the right to disclose certain information to underlying investors or to the public, including, but not limited to, for the benefit of lenders or other persons extending credit to or arranging financing for the Funds;
- the investor-specific information or documentation that the applicable Fund may otherwise provide to lenders, other financing sources or other third parties;
- the right to disclose certain information to underlying investors or to the public;
- the right to cause the applicable Fund to structure the investor's indirect interest in certain types of investments in favorable ways;
- preferential terms regarding termination of a limited partner's commitment period (if applicable with respect to a Fund);
- matters regarding such limited partner's (or its affiliates') interest in providing debt financing to the Funds or their portfolio investments;
- the offering of co-investment opportunities (see "*Allocation of Co-Investment Opportunities*" above); and/or
- any other terms, whether economic, procedural or otherwise.

We will consider many factors in deciding whether to accord investors in Funds customized terms via a side letter and are more likely to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the Fund or Related Funds or that are anticipated to be important to future fundraising campaigns for us and/or our related persons;
- investors that have a broader strategic relationship with us and/or our related persons;
- investors that are subject to specific legal, tax or regulatory requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

In general, no investor has any rights under the side letters of other investors and, we and our related entities are only required to offer any such additional rights, terms or conditions to any other investor in such Funds to the extent required by the Governing Documents of the applicable Fund. However, we expect to disclose the side letters of certain investors in a Fund to other investors pursuant to an MFN clause and, pursuant to such clause, may provide the benefit of particular rights and benefits granted in these side letters to some investors in a Fund. Additionally, given the high degree of customization that is typically reflected in side letters, particularly as a result of legal, regulatory, tax or policy requirements specifically applicable to particular investors, it would not be feasible or appropriate to apply the MFN clause to all matters. Accordingly, the MFN clause is subject to a number of significant conditions and limitations. In particular, with respect to certain Funds, investors making capital commitments in specific fundraising periods may not have any rights or benefits granted in side letters entered into in such prior fundraising periods or subsequent fundraising periods, including because MFN rights given to investors making a capital commitment in specific fundraising periods may only apply to other side letters entered into in the same fundraising period. Further, as a general matter, to benefit from a side letter provision as a result of an MFN clause, an investor must satisfy any conditions it contains and will be subject to any of its restrictions and limitations.

In addition, investors subscribing to certain Funds may be subject to economic or other “core” terms that are, in certain cases, more favorable than the corresponding terms to which other investors are subject (including in respect of management fee, carried interest, preferred return rates and the ability to terminate an investor’s commitment period) and although other investors may have negotiated MFN or notice or disclosure rights over such economic or “core” terms of other investors, such MFN or notice or disclosure rights may be subject to those economic or other “core” terms of other investors being more favorable than another investor’s corresponding terms either individually or in the aggregate, which determination will often be based on subjective judgments about which reasonable people may differ, and which we typically make in our sole discretion. As such, investors may not receive notice, or the benefit, of other investors’ economic or other “core” terms through the application of their MFN or notice provision, including in circumstances where certain terms are more favorable on an individual basis, or where we determine in our sole discretion that the other investors’ economic or other “core” are not be more favorable in the aggregate.

Furthermore, Sixth Street and/or its affiliates have entered, and expect in the future to enter, into “broader strategic relationships” with investors who are or may become investors in one or more Funds or Related Funds (including investors with, or having the right to make, significant historical, pending and/or future commitments to, or otherwise participate in, in Sixth Street funds or other Sixth Street entities). The term “broader strategic relationship” is intended to address a relationship between an investor and Sixth Street and/or its affiliates that does not relate solely to an investment in a particular Funds or Related Fund such as, without limitation, investing in or making commitments across multiple Funds or Related Funds or partnerships, other pooled investment vehicles or similar entities, including “funds-of-one”, SMAs, co-investment vehicles and managed accounts established or sponsored by Sixth Street or its affiliates or other investments in Sixth Street or its affiliates or arrangements with Sixth Street or its affiliates relating to the sourcing or financing of, or co-investing in, investments (including across one or more strategies in addition to the Funds’ strategy). Each such arrangement is expected to be highly customized to reflect the specific broader strategic relationship between Sixth Street and/or its affiliates and the particular investor. Specific examples of the rights or benefits afforded by a broader strategic relationships that Sixth Street and/or affiliates have entered into or expect to enter into include, without limitation: the right to be offered co-investment opportunities, and related economic terms, targets and remedies (and/or terms or other arrangements relating thereto, including the formation of dedicated vehicles), the right to be offered capacity in potential future Sixth Street funds and preferential management fee arrangements in potential future Sixth Street funds. Other specific examples of the rights or benefits that may be afforded by broader strategic relationships entered into in the future include, without limitation, knowledge exchange or training and secondment programs and/or preferential management fee, carried interest or other economic arrangements (including discounts or reimbursements relating to economic terms), and broader strategic relationships that have been entered into do include terms relating to certain of the foregoing rights or benefits. For example, a “broader strategic relationship” may entitle an investor to discounted, rebated or otherwise reduced carried interest or management fee rates if such investor makes or maintains aggregate capital commitments to the Funds and Related Funds in excess of a certain threshold or makes co-investments in excess of (or below) a certain threshold. Co-investments forming part of a broader strategic relationship may include co-investment in investments made by the Funds and Related Funds and Sixth Street and/or its affiliates may receive compensation from a broader strategic relationship or otherwise be incentivized to allocate investment opportunities away from the Funds and Related Funds or source investment opportunities for broader strategic relationships. As we have significant discretion in making determinations regarding the allocation of investment opportunities to the Fund and Related Funds (including any co-



investment vehicles formed pursuant to strategic broader relationships), such relationships give rise to certain conflicts of interest which may incentivize (or, in hindsight appear to have incentivized) reduced allocations being available for the Funds and Related Funds and/or fewer co investment-opportunities (or reduced allocations) being made available to Fund and Related Fund investors than would have otherwise been suitable for the Funds and Related Funds and/or their investors.

Broader strategic relationships do not constitute “side letters” (even if in the form of a side letter, in whole or in part) and therefore investors will not be entitled to disclosure of, or the benefits of, any such arrangements under any side letter “MFN” provision or otherwise, in each case regardless of an investor’s commitments either to the Funds and/or Related Funds.

#### *Favorable Terms Provided to Affiliates and Related Persons*

The employees, business associates, affiliates and other “friends and family” of, and investors in, Sixth Street or our affiliates are typically able to invest directly or indirectly in Funds on terms that are more favorable than those offered to other investors. Such favorable terms may involve, among other things, a waived or reduced advisory fee, and the waiver or reduction of other restrictions. Except to the extent required by the Governing Documents of the applicable Fund, such favorable terms will not apply or be offered to other investors in the Fund.

#### *Conflicts Related to the Valuation of Assets*

We generally determine, in our discretion, the fair value of each Fund’s assets and our valuations will generally be final and conclusive. While we follow valuation methodologies and procedures that are designed to ensure that our fair value determinations are strictly the product of the application of U.S. generally accepted accounting principles (in particular, Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements), we have incentives to arrive at higher valuations. First, for certain types of investments in particular, our application of our valuation methodologies and procedures (and resulting determinations) to whether investments should be subject to a “write down” or “write off” will involve discretionary judgment, and there may be limited objective criteria on which to base determinations of value. With respect to carried interest, unless portfolio investments are written down, the carried interest borne by investors will not be reduced to reflect any decline in the value of the Funds’ investments. With respect to advisory fees, as a general matter, write downs will not reduce advisory fees payable by investors. Second, the rate of (or ability to receive) carried interest or other performance-based incentive compensation allocated to the general partners of certain Funds depends on whether the Fund achieves a certain multiple-of-money or rate of return whose calculation depends on the value of the Funds’ investments, including unrealized investments; the valuation of unrealized investments will also impact Sixth Street’s obligation to repay carried interest or other performance-based incentive compensation received pursuant to “interim clawback” obligations that it has in respect of certain Funds. Higher valuations could facilitate the Fund’s achievement of a multiple-of-money or rate of return that would result in the receipt by the corresponding general partner of a greater amount of carried interest or other performance-based compensation than if the valuations were lower, or result in the general partner not being subject to an obligation to return any such compensation that it has previously received. Third, as described above in “*Item 5 – Fees and Compensation*” advisory fees payable by certain Funds are based on net assets or gross assets, including on an unrealized basis; higher valuations would generally be expected to result in Sixth Street receiving more advisory fees in respect of such Funds. Fourth, we regularly report to investors in the Funds, prospective investors and the investor community more generally metrics of the Funds’ performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Funds’ investments, including unrealized investments. These reports are an indication of the overall health of the Funds and are important to our efforts to attract investors to Funds and Related Funds. An objective of our valuation methodologies and procedures is to eliminate any influence these incentives may have on our fair value determinations.

Our valuations will be based to a large extent on our estimates, comparisons and qualitative evaluations of private information, which may be incomplete or inaccurate. Factors that we may consider in determining the fair value of investments include the nature and realizable value of any assets (or collateral) of the issuer or the borrower, the issuer’s or the borrower’s earnings and capacity to make debt payments, dividends and/or distributions, the markets in which the issuer or the borrower does business, comparison to similar companies, discounted cash flow and other relevant factors. Fair valuations, and particularly fair valuations of private securities and private companies, are inherently uncertain and may fluctuate over short periods of time. Third parties therefore may not be able to replicate

our methodology or to value accurately the Funds' investments. The amount of judgment and discretion inherent in valuing assets renders valuations uncertain and susceptible to material fluctuations over possibly short periods of time and substantial write-downs and earnings volatility are possible. Our determination of an investment's fair value may differ materially from the value that would have been determined if a ready market for the securities had existed and the valuations the managers of other funds or other third parties ascribe to the same investment. Our valuation of an investment at a measurement date may also differ materially from the value that is obtained upon the investment's exit.

#### *Conflicts Relating to Fee Structure and Carried Interest*

Certain Funds have fixed investment periods after which capital is only permitted to be drawn down in limited circumstances, and advisory fees are, at certain times during the life of those Funds, based upon capital invested by the Funds or the net asset value of the Funds' investments. This fee structure creates an incentive to deploy capital when we would not otherwise have done so. Conversely, under the Governing Documents, we have broad discretion in determining whether and to what extent a disposition has occurred, as further described above in *"Impact on Advisory Fee Calculation"*.

In addition to advisory fees, we will generally be entitled to receive a portion of the distributions made by the Funds, or carried interest. Since the amount of carried interest payable to the general partner depends on the Funds' performance, we may have an incentive to approve and cause the Funds to make more speculative investments than they would otherwise make in the absence of such performance-based compensation. We may also have an incentive to dispose of the Funds' investments at a time and in a sequence that would generate the most carried interest, or the most favorable tax treatment for such carried interest, even if it would not be in the Funds' interest to dispose of the investments in that manner.

Furthermore, distributions to us and to our affiliates or "friends and family" may not be subject to the payment of advisory fees and/or carried interest at the same rate as other investors or at all.

See also *"Item 6 – Performance-Based Fees and Side-by-Side Management"* for a description of the other conflicts that arise as a result of the methodology for determining the amount of carried interest earned by the general partner of a Fund.

#### *Conflicts Relating to Third-Party Service Providers*

In connection with the activities of the Funds and their portfolio investments, we expect to engage a variety of third-party service providers ("Service Providers"). Types of Service Providers include, without limitation:

- "Service Providers": persons including asset managers, asset servicers or other strategic counterparties that provide asset management, sourcing, due diligence, underwriting, loan and other asset servicing, accounting, operational or other services with respect to portfolio investments and/or potential portfolio investments.
- "Senior Advisers": persons that assist or advise us with respect to transaction origination, sourcing, evaluation, negotiation, development, due diligence, valuation, structuring, management, monitoring, disposition or similar matters and potentially serve as officers, directors or board observers for one or more companies in which the Funds hold, directly or indirectly, a portfolio investment.
- "JV Partners": joint venture partners that assist or advise us with respect to transaction origination, sourcing, evaluation, negotiation, development, due diligence, valuation, structuring, management, monitoring, disposition or similar matters and/or operating partners that provide services in respect of portfolio investments.
- "Professional Providers": other third parties such as accountants, administrators, bankers, brokers, attorneys, consultants and investment or commercial banking firms.

Although the primary services provided by each type or category of Service Provider differ, in many cases a Service Provider will provide a broad range of services to the Funds, Related Funds and/or their respective portfolio investments, some of which overlap with the services provided by other categories of Service Providers. For instance,

both Senior Advisers and Servicers may source transactions for a Fund. A Senior Adviser may be engaged by a Fund to utilize their pre-existing network of business relationships in a particular industry or sector to source portfolio investments for a Fund in that area. Equally, a Servicer providing asset management services to certain portfolio investments within a given industry may source another portfolio investment for a Fund in that same industry during the course of their engagement. We have developed processes to evaluate the primary services provided by and the overall relationship with a Service Provider at the time such Service Provider is engaged and periodically thereafter, and in the future may use additional or different methods to do so. As part of this evaluation we consider whether or not a Service Provider is appropriately treated as an “Affiliate” or employee of ours, based on the nature, facts and circumstances of our relationship with the applicable Service Provider. Such evaluations and determinations will often be based on subjective judgments about which reasonable people may differ, and such judgments will remain in our complete discretion.

The nature of our relationship with a Service Provider may change over time based on, among other factors, the scope of services provided. As a result, we may determine the categorization previously applied to a particular Service Provider should be changed. For instance, we may initially engage a person as a Senior Adviser and subsequently hire such person as an employee (or *vice versa*), including in circumstances where the potential to ultimately hire such person as an employee is contemplated at the time of engagement. This evolution in the parties’ relationship will not affect the prior treatment of a Service Provider for instance with respect to compensation paid or expenses incurred in connection with such person’s engagement prior to the time they became an employee or affiliate.

While we believe that the expertise of Service Providers will benefit the Funds and their portfolio investments, utilizing Service Providers creates certain conflicts of interest.

#### *General Considerations*

The time, dedication and scope of work of Service Providers are expected to vary considerably. In some cases the engagement with a Service Provider will be limited to a specific transaction (*e.g.*, assisting in transaction due diligence or making introductions to or providing reference checks on a management team), while in other cases a Service Provider may take on more extensive roles, including serving as executives or directors or observers on the boards of or providing operational services to companies in which the Funds and/or Related Funds hold portfolio investments, and contributing to the identification and sourcing of new investment opportunities. In any case, there can be no assurance that any particular Service Provider will continue to be involved with the Funds for any length of time.

While the nature of each applicable Service Provider relationship is expected to vary based on the facts and circumstances of the specific engagement, including the services to be provided, Service Providers are generally independent contractors or similar contractual counterparties and not our employees. This is true even if most or all of their work is performed on our behalf or at our direction and if they perform the same or similar activities as our employees, even in circumstances where a person has attributes of our employees (*e.g.*, they may have Sixth Street-related e-mail addresses or business cards or participate in certain benefit arrangements typically reserved for our employees) or has in the past been our employee. In some cases, such persons are former employees of ours or our affiliates or otherwise have business and/or personal relationships with us or our affiliates and may be provided office space and administrative support or other services by us or our affiliates.

Service Providers could have conflicts of interest between their work for the Funds and their portfolio investments, on the one hand, and themselves or other clients, on the other hand, and the we are limited in our ability to identify, monitor and mitigate these conflicts. For example, Service Providers (or funds, accounts or similar investment vehicles managed or advised by a Service Provider) may make investments alongside the Funds, including in portfolio investments where such persons serve on the relevant company’s or issuer’s board of directors, and the Funds may invest or co-invest in portfolio investments in which such Service Providers hold or acquire existing material interests. It is generally expected that most Service Providers such as Senior Advisers or JV Partners will not be subject to an obligation to act in the best interests of the Funds or their portfolio investments that goes beyond their obligations set forth in the relevant contractual arrangements with the Funds, their portfolio investments, their general partners or any affiliate thereof. The contractual arrangements applicable to most Service Providers will not subject Service Providers to the same policies and procedures that apply to our employees. As a result, we expect to be more limited in our ability to identify conflicts of interest applicable to Service Providers and more generally to provide supervision of a Service Provider, as compared to our employees.

### *Treatment of Compensation*

Amounts paid to a Service Provider will generally not reduce or offset the management fees payable to the Sixth Street Adviser or carried interest payable to the Funds' general partners. By contrast, the Sixth Street Adviser (and not the Funds) otherwise pays the salaries of our employees. As a result, we may have an incentive to retain Service Providers instead of causing the Sixth Street Adviser to hire additional personnel (or to convert existing employees to Service Providers).

### *Manner of Compensation*

The appropriate form, method and level of compensation to be paid to a Service Provider will be determined at our discretion on terms that we believe are in the best interests of the Funds based on the facts and circumstances. Compensation methodologies are expected to vary across categories of Service Providers, across Service Providers within a category and across engagements with a particular Service Provider. For example, in certain circumstances a Service Provider may negotiate rates or other terms in respect of goods or services provided to us, the Funds, Related Funds, their affiliates or their respective portfolio investments, which are different from and more favorable than those established in respect of other engagements with Sixth Street, the Funds, Related Funds, their affiliates or their respective portfolio investments. Methods of compensation can include, without limitation: salary, bonus or other cash payments from the Sixth Street Adviser, the Funds, Related Funds or a portfolio investment, carried interest from the Funds or Related Funds, profits interests or similar incentive-based arrangements with respect to a portfolio investment (including compensation based on a waterfall similar to a carried interest or other similar metric), co-investment opportunities in a portfolio investment (which may be supported by a loan from the Funds or a portfolio investment to the Service Provider or certain executives or senior employees of the Service Provider), equity or stock option grants or other longer-term incentive plans from a portfolio investment, fees and promote relating to a particular transaction, opportunities to invest in the Funds or Related Funds on preferential economic terms. Compensation payable by the Funds may be structured to be paid directly by the Funds or indirectly through one or more subsidiaries or other investment vehicles of the Funds, and similarly compensation payable by a portfolio investment may be paid directly by the applicable issuer, borrower or company or indirectly through one or more holding companies or other special purpose vehicles that comprise the applicable portfolio investment. Other terms applicable to arrangements with such Service Providers are also expected to vary based on the nature of the relationship, for example with respect to the type and nature of documentation, the ability of us or the Service Provider to exercise termination options and the length and scope of the engagement.

The form, method and level of compensation paid to Service Providers will not typically be subject to benchmarking, surveys or other confirmations of market or arms'-length rates. Where we have the ability to select Service Providers (*e.g.*, Service Providers to the Funds), we intend to do so with regard to appropriate rates for services, but there can be no assurance that with respect to any particular engagement no other Service Provider is more qualified to provide the applicable services or could not provide such services at a lower cost. Moreover, we intend to consider a range of other factors in addition to rates, price or cost in determining whether or not to engage a Service Provider, including our assessments of quality of service, perceived competence or expertise, familiarity, onboarding speed, whether engaging a particular service provider has the potential to provide longer-term benefits to the Funds or their portfolio investments, or such other factors as we may deem appropriate.

In many cases, in particular with respect to Servicers, Senior Advisers and JV Partners, the nature of services and expertise provided is expected to be unique and/or tailored to the specific engagement, and related compensation arrangements can therefore be expected to be highly individualized and bespoke to the nature of the services and expertise provided. Such Service Providers may provide a certain type of skills or experience that is difficult to find elsewhere or are particularly valuable with respect to the specific transaction and there may be no clear alternative or comparable engagement (including in the form, method or level of the compensation). We expect to determine the appropriate form, method and level of compensation taking into account the facts and circumstances applicable to the engagement with the Service Provider. Such determinations are expected to be informed by considerations such as: the assets to be governed by such arrangements, the services that the Service Provider is expected to provide with respect to the assets or any transaction related thereto, the experience and skills of the Service Provider, the value we expect the Service Provider to add to an existing or prospective portfolio investment or the Funds, and, in certain circumstances, the availability and comparability of alternative Service Providers.

Where it determines appropriate and applicable, we also expect to seek compensation methodologies that align the

incentives of a Service Provider with those of the Funds, for example co-investment opportunities in one or more portfolio investments in respect of which a Service Provider has been engaged. In some cases co-investment opportunities alongside the Funds may be provided as part of an overall compensation package regardless of whether such persons played a significant role in sourcing, managing or otherwise providing services in respect of the specific investment (see “*Allocation of Co-Investment Opportunities*”). While co-investment opportunities seek to align the incentives of a Service Provider with those of the Funds, structuring and managing such co-investment opportunities will also give rise to costs and expenses that will be borne by the Funds. Similarly, for certain categories of Service Providers such as Servicers, Senior Advisers and JV Partners, it is more common for compensation arrangements to include a profits interest or other incentive-based compensation. For example, compensation payable to a Servicer determined according to methods such as a percentage of the value of the assets being serviced, the invested capital exposed to such assets, and/or a percentage of cash flows from such assets. As described above, the compensation arrangements of a particular Service Provider would depend on the facts and circumstances of the particular engagement.

### *Opportunities Sourced*

Whether or not an investment opportunity sourced by a Service Provider will be required to be offered to us will depend on the nature of the Service Provider engagement. In some cases, a Service Provider may be engaged with the responsibility to source and recommend transactions to us potentially on a full-time and/or exclusive basis or through contractual rights of first offer or first refusal or subject to a non-compete or similar restrictive covenant, either generally or with respect to transactions satisfying a particular set of criteria. In other cases, a Service Provider will have other clients and source investment opportunities for Sixth Street on a non-exclusive basis.

Opportunities sourced by a Service Provider and presented to Sixth Street would not necessarily be required to be offered to the Funds. See “*Allocation of Investment Opportunities*”. Where a Service Provider is engaged, in whole or in part, to source and recommend transactions for the Funds and/or Related Funds, the same Service Provider can be expected to source and recommend multiple investments. Conflicts of interest will therefore arise with respect to the allocation of such investment opportunities among the Funds and/or Related Funds.

### *Allocations Among Funds and Sixth Street*

In the event Service Providers are providing services to the Funds and one or more Related Funds (and/or their respective portfolio investments), costs associated with such service (e.g., expenses, fees, compensation) will be allocated among the relevant Funds and/or Related Funds (and/or their respective portfolio investments) as determined by us in a fair and equitable manner, in our sole discretion. Similar considerations would apply where a Service Provider is providing services in part with respect to Funds and/or Related Funds or their portfolio investments and in part with respect to us or the Sixth Street Adviser. For example, any base compensation paid to a Service Provider will generally, as an initial matter, be allocated to the Funds we expect the Service Provider to be providing services to, although the Service Provider may ultimately provide more or all of his or her or its services to one or more Funds and/or Related Funds. As a result, in some circumstances, the Funds can be expected to incur upfront fees, costs or other expenses in connection with establishing a Service Provider relationship, for example a joint venture with a JV Partner, but other Funds and/or Related Funds may benefit from such Service Provider relationship if in the future a Service Provider sources or recommends transactions that are allocated to such other Fund and/or Related Fund.

In certain cases, Service Providers such as JV Partners can be expected to receive fees and/or performance-based compensation on a “netted” basis (i.e., arrangements whereby such compensation takes into account all investments sourced or recommended across all relevant Funds and/or Related Funds and/or arrangements whereby “promote” compensation requires the JV Partner to achieve a certain “hurdle” rate of return across all relevant investments that the Funds participate in alongside other Funds and/or Related Funds). As a result, the compensation payable to a JV Partner may be based upon not only the investments sourced, recommended or consummated by a Fund, but also by other Funds or Related Funds. For example, one Fund participating in an investment through a joint venture may bear lower amounts of performance-based compensation payable to the JV Partner as a result of losses incurred by another Fund and/or Related Fund in a separate investment through the same joint venture.

Engaging a Service Provider in respect of multiple portfolio investments or multiple Funds and/or Related Funds has the potential to create additional conflicts of interest. The existence of multiple relationships with a Service Provider could create incentives for us to negotiate terms with a Service Provider that are more favorable to one Fund or its

portfolio investments than other Funds and/or Related Fund or their portfolio investments. In certain circumstances, the compensation arrangements applicable to a Service Provider could create incentives for such Service Provider not to source or recommend transactions for the Funds (for example, if earlier investments performed poorly and a netted compensation structure made it unlikely that performance-based compensation would be received taking into account subsequent investments). Compensation arrangements could also create incentives for Sixth Street and its affiliates to allocate an investment opportunity sourced or recommended to a Fund and/or Related Fund instead of or before other Funds and/or Related Funds, for example, where such an allocation will reduce the total amount payable to the Service Provider by one or more Funds and/or Related Funds, either on an individual or aggregate basis. Finally, given that we expect to engage the same Service Providers with respect to multiple investments and with respect to various Funds and/or Related Funds, we may be disincentivized to exercise contractual or other remedies against such Service Provider taking into consideration the impact of such remedies on other Funds and/or Related Funds or their portfolio investments.

In such cases, with respect to fees and/or performance-based compensation in particular and with respect to expenses associated with joint ventures or other categories of Service Providers that do, or have the potential to, provide services with respect to multiple portfolio investments and/or multiple Funds or Related Funds more generally, we intend to reasonably determine the appropriate allocations among the Funds and/or Related Funds, including with regard to the underlying investments in which each of the Funds and/or Related Funds participate.

#### *Other Relationships with Service Providers*

Under the Governing Documents, transactions between the Funds and a Service Provider that is our “Affiliate” will typically be subject to approval by the Fund’s advisory committee and fees payable pursuant to any such transactions subject to advisory committee review. The restrictions and conditions in the Governing Documents that relate specifically to our affiliates do not apply to Service Providers that are not our “Affiliates” for purposes of the Governing Documents, even if we or our affiliates have a significant economic interest and/or non-controlling governance rights in such entities.

It is expected that we or our affiliates will have business, financial or other relationships with Service Providers that are engaged to provide goods or services to the Funds or their portfolio investments, particularly given the wide range of Service Providers engaged in respect of any Fund or Related Fund. For example, certain Service Providers can be expected to provide services in respect of multiple Funds, Related Funds and/or multiple portfolio investments, co-invest alongside or be limited partner investors in the Funds or Related Funds or have relationships with portfolio investments (e.g., as a lender, shareholder, director, observer, officer or other capacity) in addition to the capacity for which they were engaged as a Service Provider. Similarly, we or our affiliates (including our employees) could have other direct or indirect relationships with Service Providers that give us less incentive to negotiate with such Service Providers for lower compensation. For example, our employees (or their family members) could hold economic interests in or director, officer or other positions with a Service Provider. Sixth Street employees have made, and are expected from time to time in the future to make, investments for their personal accounts, which may include investments with counterparties that are, or become, Service Providers to, or have other relationships with, the Funds or persons in which the Funds hold portfolio investments. For example, an employee may be offered the opportunity to participate in an investment sourced by a JV Partner or other Service Provider that also sources investment opportunities for the Funds or other Funds or Related Funds, or the Funds may consider engaging a Service Provider in which an employee has an economic interest. Notwithstanding any such business, financial or other relationships and as described further below, determinations to engage a particular Service Provider and the form, method and level of compensation will be made with regard to the best interests of the Funds upon consideration of relevant facts and circumstances.

In addition, we or our affiliates have entered into, and may continue to enter into, arrangements with unaffiliated Service Providers in which we or our affiliates have economic interests or minority governance rights, such as veto and change of control protections, and may otherwise have influence over their activities. Although such arrangements, in connection with an investment or otherwise, are generally intended to be structured so that we do not “control” such entities or parties, Sixth Street may nonetheless be afforded certain governance rights (typically in the nature of “protective” rights, negative control rights or anti-dilution arrangements, as well as certain reporting and consultation rights) that afford Sixth Street the ability to exercise influence. In these circumstances, where a Service Provider receives fees from its clients, including the Funds or any company or other persons in which they hold a portfolio investment, we or our affiliates would benefit through their ownership interest in such Service Provider. See

*“Transactions With or Between Portfolio Companies”*. While any such investments or transactions would not typically be expected to be subject to advisory committee consent or be otherwise restricted, we intend to assess the appropriateness of any such investment or transaction with regard to the applicable facts and circumstances, including any associated potential conflicts of interest. Employees will not be offered any such investment opportunities unless we determine that such investment or transaction is not appropriate for the Funds based on the facts and circumstances and does not create a material conflict of interest that we will not be able to eliminate or adequately mitigate.

The relationships described above could influence us in deciding whether to select or recommend any such Service Provider to perform services on behalf of the Funds or a portfolio investment (the cost of which would generally be borne directly or indirectly by the Funds or portfolio investment as applicable), including that we could favor the engagement or continued engagement of such Service Provider even if a better price and/or quality of service could be obtained from another person. Notwithstanding the foregoing, we will seek to engage Service Providers in connection with the Funds or related transactions that require their use when, and on such terms, as we determine are in the best interests of the Funds based on the facts and circumstances, which include, but are not limited to, the overall quality of advice and other services provided, the evaluation of which includes, among other considerations, such Service Provider’s provision of certain investment-related services and research that we believe to be of benefit to the Funds.

#### *Specific Examples*

Certain unaffiliated Servicers in which we or our affiliates hold an ownership or other economic interest that the Funds may utilize include, but are not limited to, the following:

##### *Roosevelt Management Company.*

The Roosevelt Management Company platform (“RMC”) is an asset management and special servicing platform that specializes in sourcing, evaluating, and servicing, and providing asset management and reporting services with respect to, residential mortgage loans. We provide management services to RMC and its subsidiaries on behalf of a principal third-party investor in RMC in consideration for a management fee calculated based on RMC’s invested capital and a profits interest. In addition, we have a minority equity interest in RMC. A Sixth Street senior advisor also has a minority equity interest in RMC and is entitled to an annual fee paid by RMC as compensation for the senior advisor’s service as a director.

Neither we or our partners nor any Fund or Related Fund manages the day-to-day operations of RMC or its subsidiaries (which are generally not considered affiliates of us, the Funds’ general partners or the Sixth Street Adviser for purposes of the Governing Documents). The Governing Documents will generally not require that any fees payable by the Funds to RMC or its subsidiaries be subject to approval by an advisory committee (subject to, in respect of certain Funds, certain requirements, such as these fees being fair, from a financial point of view, in accordance with an opinion, delivered to us and made available to a Fund’s advisory committee, of a reputable third party). Any such fees payable by the Funds are expected to be borne by the Funds without offsetting any management fees payable by the Funds and will be ultimately borne by the investors. To the extent RMC receives fees as a Servicer from its asset management or loan servicing clients, including a Fund (which fees are expected to include, but are not limited to, asset management, due diligence, and ongoing asset monitoring and service fees, commissions with regards to the sale of real property, and certain profit-sharing arrangements), Sixth Street and its senior advisor will benefit through their economic interests in RMC. However, any such compensation paid by a Fund will be negotiated on an arm’s-length basis and determined by Sixth Street to be reasonable for the relevant services provided. It is anticipated that a Sixth Street senior advisor will participate in a management incentive plan with respect to such fees alongside RMC management, which management incentive plan would be negotiated on an arm’s-length basis.

Certain Funds have engaged and paid fees to RMC and certain of its subsidiaries, and will continue to pay fees in respect of investments for which RMC or its subsidiaries are providing services, in accordance with the Governing Documents as further described above. The amount of such fees has been borne by those Funds without offsetting any management fees payable by those Funds and has been, and to the extent applicable in the future will continue to be, ultimately borne by investors.

### *Capital Crossing Servicing Company.*

Capital Crossing Servicing Company (“Capital Crossing”) specializes in providing sourcing, evaluating, pricing, servicing, asset management, due diligence and reporting services with respect to sub- and non-performing commercial mortgage loans and commercial and industrial loans. Capital Crossing agreed to provide certain servicing, due diligence and other related services to the Funds on a preferred client basis, as and to the extent requested by us, with respect to NPL portfolios acquired by the funds. In consideration for agreeing to continue to extend preferred client benefits to certain Funds, we have entered into profit-sharing and minimum fee agreements with Capital Crossing, and agreed to provide certain principals and other senior employees of Capital Crossing with co-investment opportunities (supported by loans from certain Funds) in portfolios sourced by or provided to Capital Crossing by those Funds for servicing. While such compensation was negotiated on an arm’s-length basis and considered by us to be reasonable for the relevant services provided, the preferred client arrangement with Capital Crossing may result in total compensation being paid to Capital Crossing and borne by the relevant Funds (without offsetting any management fees payable by those Funds and ultimately borne by the investors) in excess of that which would be paid to other third-party servicers hired to perform comparable services.

An affiliate of ours, as agent to and on behalf of certain Funds, holds a currently exercisable warrant to acquire 9.9% of the common equity of Capital Crossing’s parent company and a call option to subscribe for up to 49.9% of the common equity of Capital Crossing’s parent company. Capital Crossing is not currently an affiliate of ours, and fees received by Capital Crossing as a Servicer from its clients, including certain Funds, will not offset any fees otherwise payable to the Sixth Street Adviser or its affiliates and will not require advisory committee approval. As part of its agreements with Capital Crossing, we, on behalf of certain Funds, also holds a right of first refusal with respect to any transaction that would constitute a change of control of Capital Crossing’s parent company. We, on behalf of certain Funds, are also able to terminate the agreements with Capital Crossing under certain circumstances.

We will allocate any economics we may receive, for and on behalf of certain Funds, from the warrant and call option in Capital Crossing to applicable Funds in proportion to the expenses relating to Capital Crossing borne by those Funds or such other allocation method as we determine is fair and reasonable under the circumstances. However, we expect that certain Funds that have, directly or indirectly, paid fees to Capital Crossing will not be in existence at the time of the receipt of such economics from the warrant and/or the call option (if ever) and, therefore, would not benefit from such economics. Because the timing of any decisions made regarding the warrant and call options in Capital Crossing may affect which Funds receive economics and in what proportion from any resulting transaction(s) or actions (including adversely impacting certain Funds vis-a-vis other Funds) Sixth Street will likely face a conflict of interest with respect to any decision (i) to exercise, liquidate, or otherwise engage in transactions with respect to the warrant and/or call option, (ii) to exercise the right of first refusal, and/or (iii) to terminate its agreements with Capital Crossing.

### *Transactions With or Between Portfolio Companies*

Portfolio investments of the Funds and Related Funds are not our “Affiliates” for purposes of the Governing Documents, even if we or our affiliates have a significant economic interest in a portfolio investment and/or ultimately control it through control of the relevant Fund or Related Fund. Given the persons in which the Funds have, or may make, portfolio investments (a “Portfolio Company”) we expect, from time to time, to recommend the services of a Portfolio Company. Depending on the nature of a Portfolio Company’s business, we may recommend such services to the Funds, other Portfolio Companies, Related Funds or their respective portfolio companies, and *vice versa* with respect to portfolio companies of other Funds and/or Related Funds. Similarly, and whether or not we are in a position of control or influence, portfolio companies may pursue mergers and acquisitions transactions or other significant strategic transactions between Portfolio Companies and/or between a Portfolio Company and a with portfolio company of another Fund and/or Related Fund. If a Portfolio Company enters into a transaction (including to provide services or in connection with a merger and acquisition or other significant strategic transaction) with another Portfolio Company, a portfolio company of another Fund or Related Fund, such transaction would be conducted in accordance with the Governing Documents which generally would not require the review and approval by, or disclosure to, an advisory committee or otherwise, but we intend to consider the facts and circumstances applicable to the specific individual scenarios when making such a determination. Any compensation or fees payable by the Funds or one of their Portfolio Companies to an another Fund or Related Fund’s portfolio company or another Portfolio Company in exchange for goods or services will not reduce or offset the management fees or carried interest payable to the Sixth Street Adviser or a Fund’s general partner.



Retaining the services of, or otherwise transacting with, companies in which other Funds hold portfolio investments has the potential to generate conflicts of interests in light of the financial or other business interests that other Funds have in the relevant portfolio investment. The considerations applicable to the use of third-party Service Providers generally also apply where the Service Provider to the Funds or a Portfolio Company is a portfolio company of another Fund and/or Related Fund, or *vice versa*. In particular, while where we have the ability to select Service Providers (e.g., Service Providers to the Fund or, in certain circumstances, to Portfolio Companies that we control) we intend to do so with regard to appropriate rates for services, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at a lower cost. Rates or compensation will not typically be subject to benchmarking, surveys or other confirmations of market or arms'-length rates, and we intend to consider a range of other factors in addition to rates, price or cost in determining whether or not to engage a Service Provider, including our assessments of quality of service, perceived competence or expertise, familiarity, onboarding speed, whether engaging a particular service provider has the potential to provide longer-term benefits to the Funds or their portfolio investments, or such other factors as we may deem appropriate.

#### *Interests in Non-Affiliated Entities*

We have in the past, for example with respect to entities associated with Bardin Hill Investment Partners, and may in the future make investments in third-party asset management firms or similar business (as well as Service Providers as described further in “—*Other Relationships with Service Providers*”). Although we do not intend to control or be involved in the day-to-day operations of such firms, there can be no assurance that all third parties will similarly conclude that such investments are non-control investments or that, due to the provisions of the governing documents of such third-party asset management firms or the interpretation of applicable law or regulations, investments by us will not be deemed to have control elements for certain contractual, regulatory or other purposes. While we would typically expect such third-party asset managers would not be deemed “Affiliates” of ours under the Governing Documents, this will depend on the facts and circumstances of the particular relationship, for example whether or not we are responsible for or involved in the day-to-day operations of such persons among other factors. However, we expect, under certain circumstances, to be in a position to influence the management and operations of such parties, including where they would not be deemed “Affiliates” of ours under the Governing Documents, and the existence of its interests therein may give rise to conflicts of interest.

Where such entities are not “Affiliates” and including in circumstances where we, our affiliates, the Funds or Related Funds have a significant economic interest and/or non-controlling governance rights in such entities, fees or other compensation received by such entities from the Funds or their portfolio investments would not offset the Funds’ management fees and investment opportunities sourced by these entities would not be required to be offered to the Funds or otherwise allocated in accordance with the allocation principles described above. Transactions by the Funds or their portfolio investments with or alongside such entities, including investments by such entities in a portfolio investment of the Funds, are conducted in accordance with the Governing Documents, which generally would not require the review and approval by an advisory committee or otherwise, although we may determine to provide disclosure to the relevant advisory committee (or seek advisory committee approval) or implement such other measures as we determines appropriate on a case-by-case basis. In addition, as described further below (see “*Conflicts Arising from Other Investment Activities of the Funds and Related Funds – Possession of Material Non-Public Information*”), any Sixth Street or affiliated investment fund or account and its related persons (including investments made thereby) that sit on the opposite side of an information barrier from the Funds would generally not be considered “Affiliates” for purposes of the Governing Documents.

#### *Platform Companies and Strategic Business Relationships*

The Funds may establish, participate in the establishment of, or make investments in companies or similar entities that in turn seek to originate, source, acquire interests or otherwise invest in related companies, business opportunities or assets. We may structure these portfolio investments, which we refer to as “platform companies,” as operating joint ventures, holding companies, partnerships, structured finance vehicles, incubators, start-ups and other platform companies or other similar arrangements. We may fund these companies up front or gradually over time. In the event certain Funds were to make such an investment, we generally would expect the Funds to monetize their investment in a platform company through a sale or public offering of the platform company (or the Funds’ interest in the company) or through sales of the platform company’s underlying assets or repayments of loans held by it. Even where the Funds, by virtue of any control or influence they exercise or have the right to exercise over a platform company, are involved

in the strategy, governance and/or oversight of any platform company, a platform company would also typically retain its own qualified management team, either internally or externally, to operate, administer and manage the company on a daily basis, including by sourcing the underlying assets (“Management Personnel”).

Many of the same considerations relating to conflicts of interest that apply to Service Providers also apply to Management Personnel (See “*Conflicts Relating to Third-Party Service Providers*”). Management Personnel are not considered to be affiliated with us for purposes of the Governing Documents solely as a result of their role as a member of a portfolio company’s management team, may render services exclusively to the platform company or provide the same or similar services to unaffiliated third parties or to the Funds, Related Funds or their portfolio investments, and may receive separate compensation for rendering such services. By virtue of our control of the Funds which would typically form a platform company, we would expect to determine or significantly influence the form and amount of compensation paid to Management Personnel. Such compensation would be expected to take a variety of forms depending on the nature and scope of the relationship (see “*Manner of Compensation*”), and the Funds (and hence all investors) would generally bear their *pro rata* portion of the cost of such compensation in respect of platform companies, as well as all other platform company expenses, including start-up, operating and overhead expenses, either directly or indirectly through its direct or indirect interest in the platform company, which in either case would not reduce or offset the management fees payable to the Sixth Street Adviser or carried interest payable to the Funds’ general partners. Our close business relationships with Management Personnel together with any other strategic business relationships with such persons could give us less incentive to negotiate with them for a lower level of compensation. Investment opportunities presented to Management Personnel will not generally be subject to a requirement to be offered to the Funds or their platform companies. In fact, circumstances could arise where Management Personnel (and/or directors, officers or other managerial personnel of a platform company that are affiliated with us) are required by law or contract to present opportunities that would otherwise be suitable for the Funds or one of its platform companies to other Funds and/or Related Funds, their platform companies or third parties.

In certain cases, we expect to form strategic business relationships with Management Personnel separate from or in addition to the services provided by such persons as members of a platform company’s management team. We may do so, for example, to take advantage of the expertise of these persons, often in particular industries, sectors and/or geographies, and they may provide services that are similar to, and that may overlap with, services we provide to the Funds or Related Funds, or which may be provided by management teams of platform companies, including sourcing, conducting due diligence on or developing potential investments, as well as structuring, managing, monitoring and disposing of investments. In such capacity, Management Personnel could be engaged as a Senior Adviser or other category of Service Provider and related compensation would typically be borne by the Funds and/or Related Funds. See “*Conflicts Relating to Third-Party Service Providers - Allocations Among Funds and Sixth Street*”.

### *Secondments and Internships*

From time to time, certain personnel of Sixth Street and its affiliates (including secondees and temporary personnel or consultants that may be engaged on short-term or long-term arrangements) may be seconded to one or more companies in which the Funds and/or Related Funds hold portfolio investments, vendors, service providers and vendors or investors in the Funds and/or the Related Funds to provide services, including the sourcing of investments for the Funds or other parties. The salaries, overhead (including, but not limited to, benefits) and other similar expenses for such personnel during the secondment could be borne by Sixth Street and its affiliates or the organization for which the personnel are working or both. In addition, personnel of portfolio investments, vendors, service providers (including law firms and accounting firms) investors in the Funds and/or the Related Funds may, in certain circumstances, be seconded, or serve internships at, Sixth Street and portfolio investments of the Funds. While it is expected that the Funds, Related Funds and their portfolio investments would often be the beneficiaries of these types of arrangements, Sixth Street would, from time to time, be a beneficiary of these arrangements as well, including in circumstances where the vendor or service provider also provides services to the Funds in the ordinary course. Sixth Street or the portfolio investment may or may not pay salary or cover expenses associated with such secondees and interns, and if a portfolio investment pays the cost, it will be borne directly or indirectly by the Funds. The personnel described above may provide services in respect of multiple matters, including in respect of matters related to Sixth Street, its affiliates and related parties, and any costs of such personnel may be allocated accordingly. In particular, if such personnel are providing services in respect of the Funds or their portfolio investments, an allocable share of costs relating such personnel will typically be charged to the Funds as partnership expenses or organizational expenses, as

applicable. The advisory fee will not be offset or reduced as a result of these secondments or internships or any fees, expense reimbursements or other costs related thereto.

#### *Conflicts Arising from Interests of Our Professionals in the Funds and Related Funds*

Our professionals have in the past and will in the future participate in the Funds and Related Funds, directly or indirectly, and therefore indirectly participate in investments made by the Funds and/or Related Funds. While we believe this generally helps align the interests of our professionals with those of the Funds' and Related Funds' other investors and provides a strong incentive to enhance Fund performance, these arrangements also give rise to conflicts of interest. For example, our professionals may have an incentive to attempt to influence the allocation of an attractive investment opportunity to the Fund in which they stand to personally earn the greatest return, including where such professionals are entitled to carried interest or similar incentive compensation from one Fund or Related Fund but not another. Furthermore, any investments made by us, our related persons or our "friends and family" generally pay no or reduced advisory fees or carried interest. Our professionals may also have personal investments separate from their interests in Sixth Street, including for their own affiliates accounts and in entities that are not managed by or affiliated with Sixth Street, such as investment funds managed by other sponsors that may be competing for similar investment opportunities, which could likewise give rise to conflicts of interest. Our allocation procedures and principles are designed to (but may not succeed to) mitigate the risk that financial incentives improperly influence allocation decisions. In addition, the involvement of a substantial number of professionals in our investment review process lessens (but does not eliminate) the ability of any single person to control an investment decision.

Sixth Street professionals could also have an incentive to dispose of the Funds' investments at a time and in a sequence that would generate the most carried interest, even if it would not be in the Funds' interest to dispose of the investments in that manner. In addition, tax reform enacted in 2017 has generally increased to three years the holding period required in order for professionals to treat carried interest as long-term capital gain. Although the Governing Documents give us certain rights which may mitigate the impacts of tax reform in this regard, it may nonetheless create an incentive for Sixth Street professionals to hold the Funds' investments for longer periods in order for the gain from their dispositions to qualify for capital gain treatment under the new carried interest rules, even if it would be in the Funds' interest to hold the investments for shorter periods.

Participation by Sixth Street professionals in the Funds is structured in a manner designed to align the interests of Sixth Street professionals with those of investors in the Funds. Specifically, Sixth Street professionals typically invest indirectly in the Funds through one or more employee feeder vehicles designed to aggregate employee commitments which feeder vehicles then subscribe to the Funds as a limited partner. Capital commitments made by such employee feeder vehicles (and therefore indirectly the Sixth Street professionals) are generally subject to the same terms applicable to other Fund investors, other than generally paying no or reduced advisory fees or carried interest and with such commitments not permitted to participate in any vote or consent of Fund limited partners. Further, our allocation procedures and principles are designed to (but may not succeed to) mitigate the risk that financial incentives improperly influence allocation decisions. In addition, the involvement of a substantial number of professionals in our investment review process lessens (but does not eliminate) the ability of any single person to control an investment decision. With respect to personal investments of our professionals in entities not affiliated with us, our Code of Ethics requires Covered Personnel to both pre-clear and disclose such ownership interests periodically.

#### *Conflicts Arising from Service by Our Professionals on Boards of Directors and Creditors' Committees*

Our professionals may serve on the boards of directors and creditors' committee of or relating to companies in which we, the Funds or Related Funds are directly or indirectly invested, including by virtue of the governance agreements we negotiate with portfolio investments in connection with an investment. While these roles should generally advance the interests of the Funds, the professionals' fiduciary or similar duties to the company or its other creditors, as applicable as directors or members of the creditors' committee may conflict with the Funds' interests. For example, notwithstanding certain waivers of freedoms that the Funds may be successful in negotiating, it may nonetheless be inconsistent with a professional's fiduciary duties to share information he/she receives regarding the relevant portfolio investment with Sixth Street personnel overseeing an investment in a different portfolio investment even though that information would be beneficial to the other portfolio investment and hence some Funds. Similarly, a Sixth Street professional serving as a director, with a fiduciary duty to the applicable company on the one hand, and the Funds on the other hand, may be in a position where they must make a decision that is either not in the best interests of the

company, or is not in the interests of the Funds. In some circumstances, having our professionals serve as directors of a portfolio company in which a Fund is directly or indirectly invested may restrict the ability of the Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such company. Separately, the receipt of MNPI in such capacity also has the potential to restrict the Funds from acquiring or disposing of an investment that, in the absence of such MNPI, may have been undertaken. (See “*Conflicts Arising from Other Investment Activities of the Funds and Related Funds – Possession of Material Non-Public Information*”). Further, our professionals serving on the boards of directors and creditors’ committees of a company in which the Funds are invested could also subject the Funds’ general partners, the Sixth Street Adviser and the Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other claims (and the Funds will generally indemnify the Funds’ general partners, the Sixth Street Adviser and their representatives from such claims).

#### *Conflicts Related to Legal Counsel and Other Service Providers Engaged by Funds and Related Funds*

Funds and the Related Funds will often engage common legal counsel and other advisors to represent all of the Funds and/or the Related Funds in a particular transaction, including a transaction in which a Fund, other Funds or Related Funds have conflicting interests because they have invested in different securities of the company. In the event of a significant dispute or divergence of interest between a Fund, other Funds or Related Funds, such as in a work-out or other distressed situation, separate representation will typically become desirable, in which case we and the other Related Advisers may hire separate counsel in our sole discretion, and in litigation and other circumstances, separate representation will occasionally be required. Law firms engaged to represent a Fund and Related Fund, partners in those firms or entities affiliated with those firms may be investors in such Fund or Related Fund, other Funds or Related Funds, and may also represent one or more companies in which such Fund or Related Fund holds portfolio investments or limited partners of such Fund, other Funds and/or Related Funds. This may lead to potential or actual conflicts.

#### *Conflicts Related to Strategic Transactions*

Sixth Street is a broad-based alternative investment platform that may engage in strategic transactions, including the acquisition of or business combination with other investment platforms, or transactions involving the receipt of public or private debt or equity financing. Although the Governing Documents of certain Funds require the retention by us, our affiliates and certain other related parties of a certain portion of the economic interests in the right to receive carried interest or similar performance-based compensation and/or advisory fees, and also restrict the transfer by those persons in such economic rights, not all Governing Documents include these requirements or restrictions. In addition, since strategic transactions, including ones that impact the ownership of economic interests in the right to receive carried interest and advisory fees, can take many different forms, we would expect certain types of strategic transactions, depending on their structure or other related facts and circumstances, not to implicate the restrictions set forth in certain Governing Documents. These types of transactions could result in an increased number of third-parties who are not involved in our day-to-day operations holding direct or indirect equity and other economic interests in Sixth Street and its related persons, including in our holding company and certain other subsidiaries or vehicles that we control. See also “*Conflicts Arising in Respect of Alignment of Interest*.”

In addition, in the event that we, any of our affiliates or any other related party engages in any such transaction or otherwise engages in any actions or any other event occurs that results in an assignment (including for purposes of the Advisers Act) of the Advisory Agreement or any other agreement (including because of any change in our control group), and as a result we or any other entity must seek the consent of a Fund under applicable law, the general partner of the Fund will not seek the consent of the limited partners of such Fund but will have the authority to act for the Fund in determining whether or not to provide any required consent. If, however, such transaction would adversely impact a Fund’s investment activities in any material respect (as described in the applicable Fund’s Governing Documents), the general partner will typically need to consult with and obtain the approval of the advisory committee (or similar body) prior to consummating the transaction. The general partner may alternatively determine to seek the consent of investors for any such assignment in lieu of seeking the advisory committee’s consent.

Since the general partner of the Fund is under common control with us and we each may have a financial interest in the consummation of any such transaction that is different from the interests of the Fund or its limited partners, the general partner of the Fund will likely have a conflict of interest in making this determination. We would expect to

seek approval from the Fund's limited partners as to any such consent to the extent required by the Governing Documents. The limited partners will not have the right to remove the general partner or cause the Fund to terminate the Advisory Agreement, transfer their interests or otherwise exit the Fund, or exercise any other rights or remedies (other than those that are explicitly provided in the Fund's Governing Documents).

Additionally, certain affiliates of Sixth Street have made, and may in the future make, investments in third-party investment management firms. Such firms may be active in the same or adjacent markets and/or have the same or similar investment strategies to those of certain Funds and/or Related Funds. In certain circumstances, such investments could result in affiliates of Sixth Street obtaining control rights over previously unaffiliated investment management firms, including rights to control the investment activities of such firms. In the event that affiliates of Sixth Street do obtain control rights, such firms may become Funds and/or Related Funds or otherwise become subject to the allocation procedures described herein.

#### *Conflicts Arising in Respect of Alignment of Interest*

A number of persons hold direct or indirect equity and other economic interests in Sixth Street and its related persons, including in our holding company and certain other subsidiaries or vehicles that we control. While certain of these persons are current employees of Sixth Street or its related persons or other individuals who are or have been involved in the activities and affairs of Sixth Street or its related persons, some are third parties, including but not limited to current or potential investors in Funds and/or Related Funds, who are not involved in the day-to-day operations of Sixth Street and its related persons. There are currently two such third-party investments in Sixth Street that hold minority interests in certain entities that receive carried interest and management fee from the Funds' general partners and the Sixth Street Adviser (and its subsidiaries and relying advisers), and have no approval, veto or other similar governance rights with respect to investment decisions by the Funds.

Similarly, we may permit third-party investors to hold direct or indirect, passive economic interests in other vehicles controlled by Sixth Street or its related persons, including entities we form to exercise our rights or discharge our obligations under the applicable Governing Documents. Such vehicles may be used to fund Sixth Street's or its related persons' capital commitments to Funds and/or Related Funds, including the required minimum commitment as well as any additional commitments permitted following the end of the fundraising period. This practice may have the effect of reducing the amount of capital contributed by persons responsible for operating the Funds and/or Related Funds and lessening the alignment of interests between such persons and the investors in such Funds and/or Related Funds.

#### *Conflicts Related to the Employee Retirement Income Security Act of 1974*

A Fund and one or more other Funds or Related Funds may hold "plan assets" subject to ERISA. With respect to those plan assets, if any, we and certain related entities would be classified as "fiduciaries" under ERISA. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a Fund may be prohibited from entering into certain transactions if the investment would violate ERISA with respect to such Fund or such other Funds or Related Funds, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such Fund, such other Funds or such Related Funds.

#### *Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements*

The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among us, the limited partners, the Fund, the general partner and other entities and individuals.

Questions arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will 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, vague, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. For example, the application of certain provisions, such as those regarding the distribution "waterfall,"

allocation of investment opportunities and designation of investments into different categories, tends to be particularly complex or require significant discretion.

In addition, questions may arise as to whether a proposed transaction or arrangement must be disclosed to or approved by the advisory committee (or an equivalent body) of a Fund and determinations as to meaning of “portfolio investment”, materiality or adversity, or whether a particular matter involves an actual or potential conflict of interest and other similar interpretations to be made by the general partner under the Governing Documents, so as to determine whether a transaction must be disclosed to, or approved by, the advisory committee, are often subjective judgments about which reasonable people may differ and such judgments will remain in our complete discretion. For example, we have interpreted, and in the future expect to continue to interpret, “portfolio investment” or “investment” as referring variously to a particular company (*i.e.*, the underlying issuer or borrower in relation to an investment) or a particular security or loan, and such determination may vary between transactions or investments to the extent we believe there is a reasonable basis for adopting a particular interpretation or otherwise distinguishing between transactions. In addition, certain of the provisions of the Governing Documents described above require consideration of whether a particular investment is “material”. In making determinations as to whether any investment is “material” we will seek to take into account such facts and circumstances as we consider relevant, but will generally consider whether such investment is material to the applicable Fund or investor holding the investment. Although we expect such judgments to be highly fact-dependent, we would generally expect that investments representing less than five per cent of a particular Fund’s assets under management, net asset value or aggregate capital commitments would not be material to that fund for purposes of such determination. We may also conclude that investments in excess of such amounts or thresholds are not material to either the relevant fund, investor or investee company, or conversely that investments below such thresholds are material, in each case having regard to such facts and circumstances as we consider relevant. We expect such determinations to frequently involve subjective judgments about which reasonable people may differ, and the specific weight ascribed to the factors or criteria we consider in making such determinations is expected to vary across investments or transactions and may evolve over time. In exercising our judgment with respect to such determinations, Sixth Street may make determinations that, in retrospect, were based on incomplete or otherwise imperfect information, which would increase the likelihood that a conflict of interest could adversely impact a Funds.

We do not generally expect to seek consent from, or otherwise consult, the advisory committee or investors more generally before an interpretation is adopted, even where the interpretation we adopt is the interpretation that is most favorable to Sixth Street and/or its affiliates. While we will endeavor to construe the relevant agreements in good faith and in a manner consistent with our legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations we adopt may not be, and need not be, the interpretations that are the most favorable to the Funds or most investors.

In considering any transaction, and with respect to potential, apparent or actual conflicts of interest more generally, we will seek to comply with the terms of the Governing Documents and the requirements applicable to Sixth Street under the Advisers Act and other applicable law. Upon consideration of applicable facts and circumstances, even where not required under the Governing Documents, we may elect to provide disclosure regarding particular transactions or other matters to the advisory committee or investors (or potentially even seek advisory committee approval).

#### *Conflicts Related to the Withholding of Certain Information*

The Governing Documents of certain Funds generally permit each such Fund’s general partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information will at times be withheld from limited partners that are subject to Freedom of Information Act or similar requirements, or where a limited partner has violated, or is reasonably likely to violate, the provisions of the Governing Documents. The general partner will also from time to time elect to withhold certain information from such limited partners if the dissemination of that information to limited partners is reasonably likely to result in adverse consequences to the Fund, its affiliates, any portfolio investment or any proposed portfolio investment, despite the potential benefits to such limited partners of receiving such information.

## **ITEM 12 – BROKERAGE PRACTICES**

### ***Investment or Brokerage Discretion***

For each of the Funds, we have sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. We seek the best price and execution available except to the extent we are permitted to pay higher brokerage commissions in exchange for brokerage and research services. “Best execution” means obtaining for a Fund the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer.

In selecting brokers or dealers, we generally consider various factors, including:

- the broker-dealer’s reputation, experience and financial stability;
- the broker-dealer’s ability to maintain our anonymity;
- the broker-dealer’s ability to provide competitive pricing;
- the transaction’s size and timing;
- the broker-dealer’s ability and willingness to commit capital and provide prompt and accurate execution and settlement;
- whether the broker-dealer makes a market in a security and/or finds sources of liquidity;
- the nature of the market for the security and the difficulty of execution;
- the broker-dealer’s trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market;
- the belief that the broker-dealer charges fair and reasonable fees for trades, and that the Funds have been treated fairly and honestly in prior trades;
- the quality of execution and service rendered by the broker-dealer in prior transactions;
- any proprietary research and investment ideas; and
- our overall relationship with the broker-dealer.

The BD Affiliate may also, in some cases, act as a broker in transactions on behalf of Funds. However, the BD Affiliate will only serve as a broker-dealer in a transaction if it is consistent with our fiduciary duties.

We have no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so-called “soft dollar” arrangements). However, we may select brokers or dealers who provide us research reports and services, including:

- proprietary broker-dealer company research and analyses;
- oral and written reports, statistics and advice about the economy, industries and individual securities’ or company investment opportunities;
- reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics; and

- opportunities to confer with company management.

In accordance with Section 28(e) of the Exchange Act, broker-dealers providing such services will from time to time be paid commissions on transactions for Funds in excess of those that other broker-dealers not providing such services might charge so long as we determine in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided, taking into account all of the accounts over which we exercise investment discretion. Recognizing the value of the brokerage and research services provided, we from time to time will allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction.

We periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. We also periodically review the past performance of the broker-dealers with whom we have placed orders to execute Fund transactions in light of the factors discussed above.

A Fund's securities and derivatives transactions are expected to generate commissions and other compensation to brokers, dealers and futures commission merchants ("FCMs"), all of which the Fund will be obligated to pay. We have complete discretion in deciding what brokers, dealers and FCMs the Fund will engage and in negotiating the rates of compensation. In addition to using brokers and FCMs as "agents" and paying commissions, a Fund may buy or sell securities or derivatives directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers. A broker, dealer or FCM is not excluded from receiving business because it has not been identified as providing research services.

Certain Funds will utilize the services of one or more prime brokers. The prime brokers the Funds utilize will clear (on the basis of payment against delivery) the Fund's securities transactions, which may be effected through other brokerage firms. The prime brokers will generally act as custodians of the Fund's securities, although in certain instances other brokers who execute transactions for the Fund will maintain custody of the Fund's assets. Certain Funds will also utilize the services of one or more clearing FCMs, which may also serve as or be affiliated with the Fund's prime broker(s). The clearing FCMs will clear the Fund's futures and cleared swap transactions, which may be effected through other FCMs or bilaterally, and will act as custodians of the Fund's margin for its futures and cleared swap transactions. A Fund will generally not commit to continue its relationship with any particular prime broker or clearing FCM for any minimum period and we may select brokers and FCMs to act as prime brokers or clearing FCMs, respectively, to the Fund in its sole discretion.

Please refer to "*Item 11 – Conflicts Relating to Third-Party Service Providers*" for a discussion of potential conflicts of interests that affect our choice of service providers, including broker-dealers.

### ***Cross Transactions***

From time to time we effect cross transactions between Funds (a "cross-fund transaction"). Such cross-fund transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or we might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, we

- may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment; or
- otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment).

We may receive management or other fees in connection with our management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds.



See “*Item 11 – Cross and Principal Transactions*” above for additional information regarding cross-fund transactions in respect of CLOs and SMAs.

In the event that we do effect cross-fund transactions between Funds, we will seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and our policies and procedures. In particular, we will seek to ensure that the transaction is:

- in our judgment, in the best interests of each Fund involved in the transaction; and
- in compliance with any investment guidelines or restrictions for these Funds.

In effecting these transactions, we will seek to ensure that the purchase or sale is effected at a price that is comparable to what price could be obtained through an arm’s-length transaction with a third party and that is otherwise fair to both parties. We will maintain documentation to memorialize the basis for determining fairness in pricing. Neither we nor any of our affiliates will receive any compensation for effecting a cross-fund transaction.

For additional information regarding transactions between Funds, including a discussion of related conflicts of interest, please see “*Item 12 – Brokerage Practices*”, under “*Cross Transactions*” and “*Conflicts Related to Transactions with Other Funds or Related Funds*.”

### ***Trade Aggregation***

In pursuing our investment objectives, we from time to time cause Funds to purchase and sell publicly traded securities through brokers. If we have determined to sell or purchase a publicly traded security at the same time for more than one Fund, Compliance will seek to ensure that combined orders for all Funds are generally placed while assigning pre-order allocations. If an order for more than one Fund cannot be fully executed, we typically “bunch” buy or sell orders for two or more Funds into a single large order, and place the bunched order with a single broker or dealer for execution. In many instances, such “bunching” of orders can result in lower commissions, a more favorable net price or more efficient execution than if each Fund’s order were placed separately. There may, however, be instances in which order bunching results in a less favorable transaction than a particular Fund would have obtained by trading separately. Similarly, when orders are not bunched, there may be circumstances when purchases or sales of portfolio securities for one or more Funds will have an adverse effect on other Funds. We are not obligated to place all transactions on a “bunched” basis. We generally will seek to avoid putting any Fund at an advantage or disadvantage compared to other Funds that are buying or selling the same security. Each Fund participating in a “bunched” order generally will participate at the same price as all other participants, and all transaction costs on the order will be allocated pro rata to all participating Funds.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### ***Review of Accounts***

The investment portfolios of the Funds are generally private, illiquid and long- and medium-term in nature; accordingly, our review of them is not directed toward a short-term decision to dispose of securities. However, we closely monitor the Funds’ investment portfolios. Our professionals continually review and analyze existing investment positions to attempt to identify issues early on and to take action when necessary. Our professionals meet periodically with members of our investment review committee to update them on such portfolio positions and related matters. Preliminary valuation analysis and recommendations will be performed by the investment team using available and appropriate external pricing feeds (with respect to the Fund’s actively traded investments). Ultimate approval for investment valuations will be provided by the Funds’ valuation committees, which are comprised of our professionals. Approved values generally will then be provided to the Fund’s administrator for computation of the Fund’s net asset value.

## ***Reporting***

We generally do not provide formal written reports to any Fund unless specifically requested by the general partner of the Fund. We generally report to investors in a Fund in accordance with the applicable Governing Documents.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

For information regarding any economic benefits we receive from non-clients, including a description of related conflicts of interest, please see “*Item 10 – Other Financial Industry Activities and Affiliations*” above. In addition, as discussed in “*Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*”, we and our related persons, in certain instances, receive discounts on products and services provided by companies in which the Funds hold portfolio investments and/or the customers or suppliers of such companies.

## **ITEM 15 – CUSTODY**

Not applicable.

## **ITEM 16 – INVESTMENT DISCRETION**

Pursuant to the Advisory Agreement of each Fund and certain Co-Investment Vehicles (including Co-Investment Vehicles formed to participate in multiple investments, whether on an opportunistic or a systematic basis), and subject to the direction and control of the general partner of such Fund or Co-Investment Vehicle, we generally perform the day-to-day investment operations of each such Fund and Co-Investment Vehicle in accordance with the terms and conditions of the Advisory Agreement and Governing Documents of such Fund or Co-Investment Vehicle.

For some Co-Investment Vehicles or other Funds (including SMAs) established for a single investor, we negotiate the level of investment discretion with the client at the outset of the advisory relationship. In particular, Co-Investment Vehicles are typically structured such that underlying investor(s) determine whether or not the Co-Investment Vehicle is permitted to proceed with an investment through affirmative approval, negative consent or similar mechanics (other than with respect to specific circumstances, such as in connection with the making of follow-on investments).

Some Co-Investment Vehicles are established to invest alongside one or more Funds in one or more particular investment opportunities and because such Co-Investment Vehicles are typically contractually required, as a condition of their investment, to exit its investment in the particular investment opportunity at the same time and on the same terms as the applicable Fund that also is invested in the particular investment opportunity, we would not, in those circumstances, have any discretion to invest the assets of such Co-Investment Vehicles independent of such contractual requirements.

## **ITEM 17 – VOTING CLIENT SECURITIES**

We have been delegated the authority to vote matters with respect to Client securities, including proxies or other corporate actions, such as consent requests regarding securities held by the Funds. We have adopted and implemented policies and procedures reasonably designed to ensure that we vote proxies in the best interests of the Funds. In exercising our voting discretion, we seek to avoid any direct or indirect conflict of interest between the Funds and the voting decision.

It is our general policy to vote or to give consent on all matters presented to security holders in any proxy or similar request, and our policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise to withhold our vote or consent on any matter if, in the judgment of certain of our professionals, the costs associated with voting such proxy or on a corporate action outweigh the benefits to the applicable Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable Funds.

Funds generally cannot direct our vote. With respect to SMAs, Sixth Street generally has the authority under the applicable Governing Documents to determine whether or not, and how, to participate in voluntary corporate actions with respect to investment account assets (including the exercise of any voting rights held by the holders of CLOs) and to take such necessary and appropriate steps in accordance with its determination.

Compliance is responsible for monitoring proxy decisions and decisions relating to other corporate actions for any actual or perceived conflicts of interests. When Compliance deems it appropriate in its sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, Compliance has the power to retain independent fiduciaries, consultants or professionals to assist with such decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

When voting proxies or voting on other corporate actions on behalf of Funds, we vote in a manner that we believe is consistent with the best interest of the Funds, which may include agreeing with a third party to vote on a matter in a particular manner if we deem such agreement to be in the best interest of the Funds. We do not permit such voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

In accordance with the requirements of the Advisers Act, we maintain records of our proxy voting for at least five years and, at a Fund's request, will furnish proxy voting information, free of charge, to the requesting Fund within a reasonable period of time (usually within ten business days). Funds may request proxy voting information by contacting the Chief Compliance Officer at (469) 621-3001 or by writing to Sixth Street Advisers, LLC, Attn: Chief Compliance Officer, at 2100 McKinney Avenue, Dallas, Texas 75201.

#### **ITEM 18 – FINANCIAL INFORMATION**

Not applicable.

#### **ITEM 19 – REQUIREMENTS FOR STATE REGISTERED ADVISERS**

Not applicable.