



Form ADV Part 2A: Firm Brochure

March 31, 2022

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This Brochure provides information about the qualifications and business practices of Z Capital Group, L.L.C. (“ZCG”). If you have any questions about the contents of this Brochure, please contact us at (212) 595-8400 or email investorrelations@zcg.com. In addition, 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.

ZCG is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about ZCG is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Item 2: Material Changes

No material changes have been made since ZCG's last annual update made on March 30, 2021:

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Item 4: Advisory Business

Z Capital Group, L.L.C. (together with its subsidiaries, “ZCG”) is a global alternative investment manager organized as a limited liability company under the laws of the State of Delaware. ZCG was founded in 2006 by its controlling principal, James J. Zenni, Jr., President and Chief Executive Officer of ZCG. ZCG has its principal office in New York, NY with an additional office in Lake Forest, IL.

ZCG, through its affiliated management entities, serves as an investment manager and provides discretionary advisory services to pooled investment vehicles and private investment partnerships organized and sponsored by ZCG. ZCG operates through two distinct business platforms: Z Capital Partners, L.L.C., which pursues value-oriented opportunistic private equity strategies, and Z Capital Credit Partners, L.L.C., which pursues a variety of credit strategies. Each of the private equity and credit businesses is described more fully below.

Typically, within each fund structure is a designated general partner, investment adviser, or portfolio manager (the “Manager(s)”). Unless and only to the extent that the context otherwise requires, references to ZCG include the Manager(s) (including Z Capital Partners GP I, L.P., Z Capital Partners GP II, L.P., Z Capital Partners GP III, L.P., Z Capital Partners Adviser, L.P., Z Capital Credit Partners, L.L.C., Z Capital CLO Management, L.L.C., Z Capital Credit Tactical G.P., L.P. and Z Capital Credit Partners Adviser, L.P.). All answers in this Brochure are given for, or are applicable to, ZCG and the Managers together or individually (as appropriate), except when otherwise specified.

Currently, ZCG serves as the investment manager to Partners I, Partners II, Partners III, the Loan Fund, the CLOs and the Tactical Fund (each defined below), together with co-investment vehicles structured to facilitate investments alongside such funds (collectively referred to as the “Funds” or “Clients”). The various co-investment vehicles managed by ZCG are also referred herein collectively as the “Co-Invest Funds.” As of December 31, 2021, ZCG and its affiliates manage approximately \$4.6 billion of regulatory assets on a discretionary basis on behalf of its Clients.

Z Capital Partners, L.L.C.

ZCG’s private equity platform operates through its affiliate, Z Capital Partners, L.L.C., and focuses on value-oriented, opportunistic private equity strategies that are pursued by Partners I, Partners II and Partners III.

Z Capital Partners Adviser, L.P. and Z Capital Partners GP I, L.P. serve as investment adviser and general partner, respectively, to two domestic private investment funds, and have done so since such funds’ inception: Z Capital Partners I, L.P. and Z Capital Partners I-A, L.P. As part of a master-feeder structure, Z Capital Partners I, L.P. and Z Capital Partners I-A, L.P. feed into a third domestic private investment fund, Z Capital Partners Fund Holdings I, L.L.C. (collectively, “Partners I”). Z Capital Partners GP I, L.P. also serves as general partner for nine domestic private investment funds (the “Partners I Co-Invest Funds”). The Partners I Co-Invest Funds invest in specific companies alongside Partners I. Z Capital Partners GP II, L.P. and Z Capital Partners GP III, L.P. may also

serve as general partner for private investment funds formed to invest in companies alongside Partners II and Partners III (as defined below), respectively.

Z Capital Partners Adviser, L.P. and Z Capital Partners GP II, L.P. serve as investment adviser and general partner, respectively, to three domestic private investment funds, and have done so since such funds' inception: Z Capital Partners II, L.P., Z Capital Partners II-A, L.P., and Z Capital Partners II-B, L.P. (collectively, "Partners II").

Z Capital Partners Adviser, L.P. and Z Capital Partners GP III, L.P. serve as investment adviser and general partner, respectively, to two new domestic private funds: Z Capital Partners III, L.P. and Z Capital Partners III-A, L.P. (collectively, "Partners III").

Partners I, Partners II and Partners III (collectively, the "Private Equity Funds") employ an opportunistic value-oriented approach to private equity that includes making control investments in companies that may require growth capital, balance sheet and/or operational improvements. The Private Equity Funds' objectives are to make private equity investments in the U.S., Europe and other jurisdictions through distressed debt in distressed companies, operational turnarounds and other special situations to generate attractive returns while limiting downside risk. The Private Equity Funds generally invest in transactions where ZCG believes it has a distinct advantage in all phases of the investment lifecycle, including acquisition, value creation and exit. ZCG seeks to create value through turnarounds, operational initiatives, balance sheet restructurings, corporate spin-offs and growth platforms with the ultimate goal to opportunistically exit the investments at attractive IRRs and multiples to EBITDA.

The following is a table of the Managers and their corresponding Clients as described above.

Manager	Client(s)
Z Capital Partners Adviser, L.P.	Z Capital Partners I, L.P. Z Capital Partners I-A, L.P. Z Capital Partners II, L.P. Z Capital Partners II-A, L.P. Z Capital Partners II-B, L.P. Z Capital Partners III, L.P. Z Capital Partners III-A, L.P.
Z Capital Partners GP I, L.P.	Z Capital Partners I, L.P. Z Capital Partners I-A, L.P. Partners I Co-Invest Funds
Z Capital Partners GP II, L.P.	Z Capital Partners II, L.P. Z Capital Partners II-A, L.P. Z Capital Partners II-B, L.P.
Z Capital Partners GP III, L.P.	Z Capital Partners III, L.P. Z Capital Partners III-A, L.P.

Z Capital Credit Partners, L.L.C.

ZCG's credit platform operates through the ZCG affiliate, Z Capital Credit Partners, L.L.C, and focuses on various credit strategies that are pursued by the Loan Fund, the CLOs, and the Tactical Fund.

Z Capital Credit Partners, L.L.C., a Delaware limited liability company formed in April 2009, serves as the general partner and investment adviser of one domestic private investment fund, Z Capital Loan Opportunity Fund, L.P. ("LOF Onshore Fund"), and investment adviser to two offshore Cayman Islands private investment funds, Z Capital Loan Opportunity Offshore Fund Ltd. ("LOF Offshore Fund") and Z Capital Loan Opportunity Intermediate Fund Ltd. ("LOF Offshore Intermediate Fund"). LOF Offshore Fund invests all of its assets in LOF Offshore Intermediate Fund, which in turn invests, together with the LOF Onshore Fund, through a common offshore Cayman Islands master fund, Z Capital Loan Opportunity Master Fund Ltd. ("LOF Master Fund"), for which Z Capital Credit Partners, L.L.C. also acts as investment adviser. These three feeder funds and one master fund shall hereafter be referred to collectively as the "Loan Fund". The Loan Fund invests primarily in senior secured debt and other debt instruments where there are substantial assets and/or enterprise value. The Loan Fund invests in syndicated senior bank loans (also known as leveraged loans), middle market loans, asset-based loans, real estate loans and/or mortgages, equipment loans and financings. Some of the bank loans, other types of loans, mortgages, financings and special situations in which the Loan Fund invests may be broadly syndicated, while others may have few participants. The Loan Fund may also invest in loan participations, bridge financings, debtor-in-possession financings, and other special situations.

Z Capital CLO Management, L.L.C., a Delaware limited liability company formed in April 2015, serves as the portfolio manager (the "CLO Manager") of multiple collateralized loan obligations, Z Capital Credit Partners CLO 2015-1 Ltd. (the "2015 CLO"), Z Capital Credit Partners CLO 2018-1 Ltd. (the "2018 CLO"), Z Capital Credit Partners CLO 2019-1 Ltd (the "2019 CLO") and Z Capital Credit Partners CLO 2021-1 Ltd (the "2021 CLO," and, together with the 2015 CLO, the 2018 CLO, the 2019 CLO and the 2021 CLO, the "CLOs"). The CLO Manager has informed the 2015 CLO/Issuer, the 2019 CLO/Issuer and the 2021 CLO/Issuer that it intends to comply with the risk retention requirements promulgated the fourth Capital Requirements Directive 2013/36/ EU and the Capital Requirements Regulation (Regulation (EU) No 575/2013) (the "EU Risk Retention Rules") by holding a certain amount of notes of the 2015 CLO, the 2019 CLO and the 2021 CLO. The membership interests of the CLO Manager for the 2015 CLO, the 2019 CLO and the 2021 CLO are therefore held in structures designed to comply with these requirements. ZCG is the sole manager of the CLO Manager for the 2015 CLO, the 2019 CLO and the 2021 CLO with exclusive control and decision-making authority over the its business and affairs.

Through its investment in the CLO Manager for the 2015 CLO, LOF Master Fund indirectly owns, and participates in the economics of, a portion of the 2015 CLO subordinated notes.

Through its investment in the CLO Manager for the 2019 CLO and the 2021 CLO, Z Capital Credit Tactical Fund, L.P. indirectly owns, and participates in the economics of, a portion of the 2019 CLO and the 2021 CLO subordinated notes. As noted above, the 2019 CLO and the 2021 CLO are subject to EU Risk Retention Rules.

Z Capital Credit Tactical Fund, L.P., Z Capital Credit Tactical Co-Invest Fund-A, L.P. and LOF Master Fund directly own, and participate in the economics of, a portion of the 2018 CLO subordinated notes. The 2018 CLO is not subject to any risk retention rules.

Z Capital Credit Partners Adviser, L.P., a Delaware limited partnership formed in January 2016, and Z Capital Credit Tactical GP, L.P., a Delaware limited partnership formed in September 2015, serve as the investment adviser and general partner, respectively, of a domestic private investment fund, Z Capital Credit Tactical Fund, L.P. (the “Tactical Fund”). Z Capital Credit Partners Adviser and Z Capital Credit Tactical GP, L.P. also serve as the investment adviser and general partner, respectively, for a domestic private investment fund, Z Capital Credit Tactical Co-Invest Fund-A, L.P., which may make investments alongside the Tactical Fund (the “Tactical Co-Invest Fund”). Z Capital Credit Tactical GP, L.P. also serves as the general partner for Z Capital Credit Tactical Fund (Cayman), L.P., a Cayman Islands feeder fund to the Tactical Fund (the “Tactical Offshore Fund” and together with the Tactical Fund and the Tactical Co-Invest Fund, the “Tactical Funds”). The Tactical Funds’ objective is to primarily invest in U.S. credit markets through non-control investments in senior secured debt and other debt instruments. The Tactical Funds pursue a strategy to tactically acquire debt instruments below their intrinsic value, focusing on downside protection for principal protection and/or recovery through a combination of enterprise value, hard assets, intellectual property and other enterprise elements.

The following is a table of the Managers and their corresponding Clients as described above.

Manager	Client(s)
Z Capital Credit Partners, L.L.C.	Z Capital Loan Opportunity Fund, L.P. Z Capital Loan Opportunity Offshore Fund Ltd. Z Capital Loan Opportunity Intermediate Fund Ltd. Z Capital Loan Opportunity Master Fund Ltd.
Z Capital CLO Management, L.L.C.	Z Capital Credit Partners CLO 2015-1 Ltd. Z Capital Credit Partners CLO 2018-1 Ltd Z Capital Credit Partners CLO 2019-1 Ltd Z Capital Credit Partners CLO 2021-1 Ltd
Z Capital Credit Partners Adviser, L.P.	Z Capital Credit Tactical Fund, L.P. Z Capital Credit Tactical Co-Invest Fund-A, L.P.
Z Capital Credit Tactical GP, L.P.	Z Capital Credit Tactical Fund, L.P. Z Capital Credit Tactical Fund (Cayman), L.P. Z Capital Credit Tactical Co-Invest Fund-A, L.P.

ZCG Clients

ZCG provides investment advice directly to its clients, the Funds, and not to the individual limited partners or members of the Funds (the “Investors”). In providing investment advisory services, the Managers formulate investment objectives, directs and manages the investment and reinvestment of each Fund’s assets, and provides periodic reports to Investors. The Managers provide investment advisory services to each Fund in accordance with the terms of each such Fund’s confidential offering or private placement memoranda, limited partnership or limited liability company

agreements and other governing documents (collectively, the “Governing Fund Documents”). All terms are generally established at the time of the formation of a Fund and are only terminable once the applicable Fund is dissolved according to the Governing Fund Documents. All of the discussions of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, associated fees and costs and the conflicts of interest faced by ZCG and its affiliates in connection with the management of the Funds, are qualified in their entirety by the respective Governing Fund Documents.

Investors may not impose restrictions on the Funds’ investment activities. The Managers have full discretion in trading on behalf of the Funds. The Managers do not require, and do not seek approval from, the Funds or the Investors with respect to their trading.

Interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in private transactions within the United States.

Item 5: Fees and Compensation

General

ZCG provides investment advisory services to each of the Funds pursuant to separate investment advisory agreements (the “Advisory Agreements”). The Advisory Agreements and the Governing Fund Documents for each Fund set forth in detail the fee structure relevant to each such Fund. The terms of the Advisory Agreements are generally established at the time the Fund was formed and are in compliance with the Advisers Act.

ZCG typically receives compensation from fees based on a percentage of assets under management or committed capital, fees or allocations based on performance and certain other fees or expenses related to transactions and services provided by ZCG (see below). Investors should review all fees charged by ZCG to fully understand the total amount of fees to be paid by a Fund and, indirectly, by its Investors.

Management Fees

Typically, the Funds and certain Co-Invest Funds pay ZCG and/or its affiliates an annual management fee (the “Management Fee”). The Management Fees for the Private Equity Funds vary by fund from 1.75% to 2.00% per annum and this fee is paid quarterly in advance. This fee is typically based upon committed capital during the investment period and on invested capital thereafter, in each case in accordance with the Governing Fund Documents.

The Management Fees for the Partners I Co-Invest Funds, if any, may vary by fund from 0% to 2% per annum and this fee is paid quarterly in advance. This fee is typically based upon invested capital, in accordance with the Governing Fund Documents.

The Management Fee for the Loan Fund is 1.5% per annum and this fee is paid quarterly in arrears. The Management Fee is prorated for any intra-month additions, withdrawals, or distributions.

The CLO Manager receives a Senior Management Fee and a Subordinated Management Fee in the amounts specified in the CLOs' portfolio management agreements. Such amounts accrue quarterly in arrears and are payable on each payment date and only to the extent that funds are available in accordance with the priority of payments described in the CLOs' indentures and, to the extent any Senior Management Fee or Subordinated Management Fee is not paid on any Payment Date, such payment will be deferred, without interest thereon.

In connection with LOF Master Fund's investment in the CLO Manager (as described above) and in accordance with the Loan Fund's Governing Fund Documents, the portion of the Management Fees attributable to LOF Master Fund's share of all notes (not just Subordinated Notes) issued by the 2015 CLO will be rebated to LOF Master Fund. In connection with Z Capital Credit Tactical Fund, L.P.'s and Z Capital Credit Tactical Co-Invest Fund-A, L.P.'s investment in the CLO Manager (as described above) and in accordance with their respective Governing Fund Documents, the portion of the Management Fees attributable to Z Capital Credit Tactical Fund, L.P.'s and Z Capital Credit Tactical Co-Invest Fund-A, L.P.'s share of all notes (not just Subordinated Notes) issued by the 2018 CLO will be rebated to Z Capital Credit Tactical Fund, L.P.'s and Z Capital Credit Tactical Co-Invest Fund-A, L.P.'s. In connection with Z Capital Credit Tactical Fund, L.P.'s investment in the CLO Manager (as described above) and in accordance with the Z Capital Credit Tactical Fund, L.P.'s Governing Fund Documents, the portion of the Management Fees attributable to Z Capital Credit Tactical Fund, L.P.'s share of all notes (not just Subordinated Notes) issued by the CLO will be rebated to Z Capital Credit Tactical Fund, L.P. While not described above, Partners III also participates in CLO 2019-1 through direct ownership of certain Subordinated Notes (and not through an investment in the CLO Manager for the 2019 CLO). Similarly, in connection with Partners III's investment in the 2019 CLO Subordinated Notes and in accordance with the Partners III Governing Fund Documents, the portion of the Management Fees attributable to Partners III's share of the Subordinated Notes issued by the CLO will be rebated to Partners III.

The Management Fee for the Tactical Fund is 1.50% per annum and is paid quarterly in advance. This fee is based on capital called for investments, in accordance with the Governing Fund Documents. The Tactical Co-Invest Fund will not pay a Management Fee.

ZCG and its affiliates reserve the right to waive or reduce management fees for certain investors, including employees, a limited number of strategic partners, advisors and consultants and others as ZCG may determine in its sole discretion.

Other Fees Earned by ZCG

ZCG, its affiliates, and their respective members, officers, employees or affiliated professionals charge and/or collect from the portfolio companies or other investments of the Funds a variety of fees such as: advisory fees, organization or success fees, break-up fees, directors' fees, monitoring fees, introduction fees, transaction fees, credit facility modification fees, syndication fees, origination fees, agent fees, administration fees, professional and consulting fees (including, for example, legal fees, recruiting fees, and consulting fees with respect to technology, marketing and operations) or other similar fees (collectively, "Other Fees"). In accordance with the terms and conditions of the Governing Fund Documents, certain Other Fees generated in connection with a given investment will not reduce the Management Fee payable by the Funds or otherwise be shared with the Funds. These may include, among others, the following fees paid to affiliated service providers to the Funds or its investments. Z Capital Commercial Finance, L.L.C. ("ZCCF") is an affiliate of ZCG that from time to time, may administer, agent, originate, and/or syndicate loans or other financial instruments for the Funds or its investments and engages in the business of originating loans. Additionally, as further described below, ZCG Consulting, L.L.C. ("ZCG Consulting") is an affiliate of ZCG that facilitates the provision of consulting services to the Private Equity Funds and/or their portfolio companies. ZCG Consulting enters into consulting agreements with some of these entities for consulting services including accounting, operational, recruiting, and other professional services, pursuant to which it would be entitled to receive fees and expense reimbursement commensurate to those charged by unaffiliated third parties for such services. Also, Operating Partners (as defined below) who serve on the board of directors of portfolio companies may receive compensation (in the form of cash, stock options or other equity awards) in their capacity as directors. A portion of the direct and indirect compensation received by ZCG, its affiliates, and their respective members, officers, employees or affiliated professionals will not be shared with the Funds or offset against the Management Fee payable by the Funds subject to the Governing Fund Documents.

The recipients of this Brochure must refer to the detailed information found in the Governing Fund Documents for specific information about the fees earned by ZCG and the fees charged to the Funds.

Other Expenses Charged to the Funds

In addition to management fees, performance-based fees (discussed below in Item 6) and Other Fees, the Funds will reimburse ZCG (to the extent not reimbursed by a portfolio company) for the transactional fees and expenses related to services provided by ZCG, ZCG Consulting and affiliated professionals, and third parties for the Funds. Those transactional fees and expenses will vary by Fund, and include but are not limited to, the following: costs and expenses associated with identifying, evaluating, making, holding, and the management, sale or proposed sale of any Fund investment including brokerage commissions (see Brokerage Practices in Item 12), spreads, markups, clearing and settlement costs, short dividends, commitment fees, investment banking fees, consulting fees, interest and custody expenses, expense associated with proposed investments that are not ultimately made by the Funds, consultants' and other experts' fees, legal (including internal legal expenses) and due diligence fees and expenses including travel expenses (meals, lodging and travel which may include the use of an aircraft owned or leased by a related person of the Manager in order to conduct due diligence related to the assessment, purchase, management or sale of

investments and for any other purpose related to the investment activities and operations of the Funds).

In addition to the full-time investment professionals of ZCG, in connection with certain of their investments, the Private Equity Funds have entered and will enter into certain exclusive strategic relationships with experienced senior industry executives (“Operating Partners”) to provide certain services in connection with sourcing investments, due diligence and/or providing operating management and advice to portfolio companies. These Operating Partners are typically engaged by ZCG Consulting pursuant to consulting agreements, to provide services to the Private Equity Funds and/or their portfolio companies. The Private Equity Funds will typically reimburse ZCG (to the extent not reimbursed by a portfolio company) the professional and consulting fees and expenses related to services provided by ZCG Consulting in connection with its engagement of Operating Partners and the provision of accounting, recruiting, and other professional services such as technology, marketing and operations consulting, subject to the Governing Fund Documents. In accordance with such Governing Fund Documents, the professional and consulting fees and expenses paid to ZCG, ZCG Consulting and to affiliated professionals, with respect to such services are commensurate with those charged for such services by unaffiliated third parties on an arm’s length basis. Some Operating Partners also serve as board members of a portfolio company, and to the extent they do so, they may receive multiple sources of compensation, including from both a Fund and directly from a Fund’s portfolio company for specific services provided with respect to that company (e.g., board fees or profit interest awards received for serving as a director of the company). Consultants are entitled to retain those sources of compensation, and such compensation does not generally reduce the fees paid by a Client to ZCG. In addition to director’s fees, Operating Partners, in some cases, may also be engaged by, and receive compensation directly from, a portfolio company for professional and consulting services provided with respect to that company (e.g., fees received for serving as an interim executive and other forms of consulting-related compensation), which compensation generally reduces the fees paid by ZCG to those Operating Partners.

The Funds will bear their own direct operating expenses, including but not limited to, the following: legal, audit, accounting, consulting and tax preparation expenses, printing and mailing costs, administration fees, custodian fees, market information systems, computer software expenses, pricing services and financial modeling services fees, filing fees, insurance and extraordinary expenses (e.g., indemnification, litigation, or taxes), financing vehicle organization and operating expenses, offshore administration fees, directors’ fees, fees and expenses of the advisory committees of the Funds (made up of select Investors or independent third parties and performing functions as defined in the Governing Fund Documents), and fees associated with annual Investor meetings. The Funds will also pay their pro-rata share of the Manager’s internal legal, accounting, and administrative expenses, as well as their pro-rata share of the Manager’s costs associated with, and maintenance of, certain technology systems used in the Manager’s day-to-day operations.

Organizational Expenses

Each Fund will bear all reasonable legal and other organizational and offering expenses incurred in connection with the formation of each Fund and related entities (“Organizational Expenses”). All organization expenses will be charged and disclosed according to the Governing Fund Documents.

Placement Fees

All fees due to placement agents will generally be paid by the Managers. If the Funds were to pay fees due to placement agents, the fees will reduce the Management Fees otherwise payable by Investors by an identical amount.

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

A portion of each Fund's net investment profit may be allocated to the capital account of its applicable general partner (or investment manager) as a "performance fee" or "carried interest." The method of calculating such fees is disclosed in the Governing Fund Documents and varies by Fund. The Private Equity Funds and the Partners I Co-Invest Funds allocate between 0% and 20% of their net profits as carried interest to the general partner's capital account and would distribute carried interest on net realized profits, on an investment-by-investment basis, subject to preferred returns and/or clawbacks, as applicable. The general partner of the Loan Fund reallocates a performance-based fee of 15% of net profits from any Investor's capital account that is above the high-water mark for each such capital account to the general partner's capital account. The CLOs' portfolio manager receives an Incentive Management Fee in the amount specified in the CLOs' portfolio management agreement subject to satisfying the Incentive Management Fee Threshold as defined in the indenture. Such amounts accrue quarterly in arrears and are payable only to the extent that funds are available in accordance with the priority of payments described in the CLOs' indenture. The Tactical Fund allocates 15% of its net profits as carried interest to the general partner's capital account and would distribute carried interest on net realized profits, on an investment by investment basis, subject to preferred returns and/or clawbacks, as applicable. The Tactical Co-Invest Fund will not pay a performance-based fee.

As is the case with Management Fees, ZCG and its affiliates reserve the right to waive or reduce carried interest or modify preferred return hurdles for certain Investors, including employees, a limited number of strategic partners, advisors and consultants and others as ZCG may determine in its sole discretion.

Members of ZCG's investment team may receive a portion of ZCG's carried interest, calculated on an investment-by-investment basis, with respect to investments for which that team member may bear responsibility. The fact that a significant portion of ZCG's compensation (and its affiliates' and investment professionals' compensation) is directly computed on the basis of profits earned by the Funds or generated by the sale or disposition of Fund assets may create an incentive for ZCG to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. The fact that certain Co-Invest Funds have no performance-based fee may also create a conflict of interest favoring the allocation of ZCG's time and resources to those Funds that do have a performance-based fee. However, this conflict is mitigated by the fact that the Co-Invest Funds invest alongside their respective Funds.

Certain Funds may use credit facilities in connection with making investments and payment of expenses, including the Management Fee. Because a General Partner does not receive distributions of carried interest until a preferred return has been achieved, as outlined above, a General Partner's ability to use credit facilities could provide an incentive for a Fund's General Partner to cause the Fund to use a credit line in order to accelerate how quickly the preferred return is achieved, thereby

allowing the General Partner to receive its carried interest earlier than it would absent the Fund's use of such credit facility.

Item 7: Types of Clients

ZCG provides discretionary management and advisory services to the Funds directly, subject to the direction and control of the Manager of each Fund and Co-Invest Fund, and not individually to the underlying Investors. As mentioned in Item 4, neither the interests in the Funds nor the Funds themselves are registered under the Securities Act or Investment Company Act. Generally, Investors are required to meet certain suitability and net worth qualifications, such as (i) an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act, (ii) a "Qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act, and/or (iii) a "knowledgeable employee" within the meaning of Rule 3c-5 of the Investment Company Act, depending on the applicable eligibility requirements of the respective Fund. Investors in the Funds include, but are not limited to, global sovereign wealth funds, endowments, pension funds, insurance companies, foundations, family offices, wealth management firms and other financial institutions in North America, Europe, Asia and the Middle East.

The minimum commitment for an Investor is outlined in the respective Governing Fund Documents and is generally \$10 million for the Private Equity Funds, \$10 million for the Loan Fund and \$10 million for the Tactical Fund. However, ZCG maintains discretion to accept less than the minimum investment commitment.

The Manager on its own behalf and/or on behalf of the Funds without the approval of any Investor or any other person may enter into a side letter or similar agreement (an "Other Agreement") to or with an Investor which has the effect of establishing rights under, or altering or supplementing the terms of, the Governing Fund Documents. Investors should further recognize that any terms contained in another Agreement with an Investor shall govern with respect to such Investor notwithstanding the provisions of the Governing Fund Documents. Other Agreements may grant certain Investors lower fees or expenses, higher preferred returns, lower minimum investment requirements, preferential withdrawal rights, and additional reporting and informational rights, as well as address other matters. The Manager will not enter into an Other Agreement if it believes the terms thereof would have a material adverse impact on the other Investors.

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

The investment strategy for the Private Equity Funds is to pursue a value-oriented approach in private equity that includes making control investments in companies that may require growth capital, balance sheet and/or operational improvements. The Private Equity Funds' objectives are to make private equity investments in the U.S., Europe and other jurisdictions through distressed debt in distressed companies, operational turnarounds and other special situations to generate attractive returns while limiting downside risk. The Private Equity Funds generally invest in transactions where ZCG believes it has a distinct advantage in all phases of the investment lifecycle, including acquisition, value creation and exit. ZCG seeks to create value through turnarounds, operational initiatives, balance sheet restructurings, corporate spin-offs and growth platforms with the ultimate goal to opportunistically exit the investments at attractive IRRs and multiples to EBITDA. The Partners I Co-Invest Funds make specific private equity investments alongside Partners I.

The Loan Fund's investment strategy focuses on investing in the debt of companies with substantial assets and/or enterprise value, primarily through an investment in such companies' senior debt. These debt instruments include below investment-grade secured obligations, collateralized transactions, asset-based debt and other debt and debt-like instruments, including but not limited to, broadly syndicated bank loans (also known as leveraged loans), middle-market loans, asset-based loans, real estate loans, non-performing loans, and rescue financings.

The CLOs invest primarily in broadly syndicated senior secured leveraged loans that satisfy the Eligible Investments criteria as defined in the CLOs' indentures.

The Tactical Funds' objective is primarily to invest in U.S. credit markets through non-control investments in senior secured debt and other debt instruments. The Tactical Funds pursue a strategy to tactically acquire debt instruments below their intrinsic value, focusing on downside protection for principal protection and/or recovery through a combination of enterprise value, hard assets, intellectual property and other enterprise elements. The Tactical Funds intend to primarily target opportunities created by overleveraged companies, supply and demand imbalances, commodity price volatility, and market inefficiencies whereby financial markets and their participants fail to accurately value companies and their debt securities/instruments. These investment opportunities include dislocated or mispriced debt instruments, failed or hung primary debt syndications, debtor-in-possession facilities, rescue financings, special situations debt financings, debt of companies impacted by business cyclicality or commodity prices and distressed debt. The Tactical Co-Invest Fund makes debt investments alongside the Tactical Fund.

The descriptions contained below are a brief overview of different market risks related to ZCG's investment strategies; however, the descriptions are not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. Investors should also see the Governing Fund Documents for additional risk disclosures.

Risks Related to All of the Funds

Alternative Investment Vehicles

For legal, tax, regulatory, or other reasons, the Funds may form one or more alternative investment entities to make investments through such entity for the Funds. Generally, in such event, each Investor would participate in such an alternative investment vehicle on substantially the same terms and conditions as it participates in the Funds.

General Investing Risks

All investing involves a risk of loss and the investment strategy offered by ZCG could lose money over short or even long periods. An investment in the Funds may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Funds. No guarantee or representation is made that a Fund will achieve its investment objective or that Investors will receive a return of their capital.

General Portfolio Risk

The Private Equity Funds' investment portfolios will consist primarily of investments in debt and/or equity instruments issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses or delays in realizations due to bankruptcy and court proceedings.

In managing the Loan Fund, ZCG may utilize certain investment techniques, such as investing in below investment grade debt, which may include the debt of financially-distressed companies, borrowing funds for investment purposes, short-selling and entering into swaps and other derivative transactions, all of which entail significant risks. The assets of the Loan Fund may consist of below investment grade secured debt securities, instruments issued by securitization vehicles and loans made to highly leveraged companies. Non-U.S. dollar denominated securities in which the Loan Fund invests also entail currency risk. Bank loans, swaps and forward currency contracts are not traded on regulated exchanges, are not registered with U.S. or other governmental authorities and are not subject to the rules of any self-regulatory organization. Swap and forward contracts are generally entered into with banks, may not be assigned without the consent of the counterparty, and may result in losses to the Loan Fund in the event of a default or bankruptcy of the counterparty.

The Tactical Funds' investment portfolio will consist primarily of non-control investments in senior secured debt and other debt instruments issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Changes in Investment Focus

While the Funds' offering documents contain a description of the types of investments that other Funds have historically made and/or information about ZCG's expectations with respect to such Fund, many factors may contribute to changes in emphasis in the construction of such Fund's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any Fund will resemble the portfolio of any prior Fund.

Liquidity Issues

There will be no public market for interests in the Funds, and none is expected to develop. There are substantial restrictions upon the transferability of interests in the Funds under the Governing Fund Documents and applicable securities laws.

A large portion of the Loan Fund's portfolio may consist of securities, loans and other financial instruments which are not actively and widely traded. Consequently, it may be relatively difficult for the Loan Fund to dispose of such investments at favorable prices in connection with withdrawal requests, adverse market developments or other factors. Illiquid securities may also be more difficult to value.

An investment in closed-end Funds (i.e., the Private Equity Funds, Partners I Co-Invest Funds and the Tactical Funds) should be viewed as illiquid. In general, withdrawals of interests in such closed-end Funds are not permitted and interests therein are not freely redeemable. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment.

No Assurance of Returns

There is no assurance that the Funds will be able to generate returns for their Investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. There can be no assurance that the Funds' investment objectives will be achieved or that there will be any return of capital. Therefore, an Investor should only invest in a Fund if the Investor can withstand a total loss of its investment. The past investment performance of the entities with which officers and employees of ZCG have been associated cannot be taken to guarantee future results of any investment in the Funds.

Dependence on Key Personnel

Control over the operation of the Funds will be vested entirely with the respective Manager, and the Funds' future profitability will depend largely upon the business and investment acumen of ZCG's investment team and in particular the members of the firm's Management Committee which oversees its operations and investment advisory services. The loss of service of one or more of the investment team members and in particular the firm's Management Committee members could have an adverse effect on the Funds' ability to realize their investment objectives. Investors generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend entirely on the actions of the respective Manager. In the case of the Private Equity Funds, while the Managers will monitor the performance of each investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis.

Indemnification

The Funds will be required to indemnify the Managers, their affiliates, and their respective officers, employees, directors, agents, stockholders, members and partners for any 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. For example, certain members of the investment team may serve as directors of portfolio companies and may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unfunded commitments of the Investors. If the assets of the Funds are insufficient, the Manager may recall distributions previously made to the Investors, subject to certain limitations in the Governing Fund Documents.

Default Rates of Loans and High Yield Securities

There are varying sources of statistical default rate data for loans and high yield securities and numerous methods for measuring default rates. The historical performance of the high yield market or the leveraged loan market is not necessarily indicative of its future performance, particularly as most models are based on periods that did not include a prolonged or deep recession. Should increases in default rates occur with respect to the securities in which the Loan Fund invests (which may be likely in a prolonged recession), the actual default rates of the securities held by the Loan Fund may exceed the hypothetical default rates used by the Manager in determining to purchase such securities.

Loan Participations

The Funds may invest in loan participations, which involve certain risks in addition to those associated with direct loans. A loan participant may not have a contractual relationship with the borrower of the underlying loan. As a result, in such circumstances, the participant is generally dependent upon the lender to enforce its rights and obligations under the loan agreement in the event of a default and may not have the right to object to amendments or modifications of the terms of such loan agreement. A participant in a syndicated loan also may not have voting rights, in which case such voting rights are retained by the lender. In addition, a loan participant is subject to the credit risk of the lender as well as the borrower, since a loan participant is dependent upon the lender to pay its percentage of payments of principal and interest received on the underlying loan. Loan participations are also subject to the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws and so-called “lender liability” claims by the issuer of the obligations.

Interest Rate Risk

The value of any fixed-rate securities in which the Funds invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities may decline. In addition, to the extent that the receivables or loans underlying specific securities are pre-payable, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

Cybersecurity Risk

In the ordinary course of its business activities, ZCG collects, processes or stores confidential and sensitive data, including proprietary business information and Investor information, in its information systems. ZCG maintains an information security policy and certain technical and

physical safeguards to prevent, detect and respond to cybersecurity risks. Despite security measures taken by ZCG, its information technology and infrastructure may be vulnerable to cyber-attacks or breached due to employee, vendor or service provider error, malfeasance or other disruptions. Any such breach could compromise the security of ZCG's networks and result in unauthorized access to sensitive information about ZCG or its Investors. Such breaches may also result in data corruption or a disruption of ZCG's operational systems, which may hinder ZCG's ability to engage in transactional business on behalf of its Clients and cause direct financial loss, as well as lead to violations of applicable laws related to data and privacy protection. Similar types of cybersecurity risk are also present for portfolio companies, which could have substantial negative effects on such portfolio companies.

Novel Coronavirus and Public Health Emergencies

Continuing in 2021, the worldwide outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared to constitute a "Public Health Emergency of International Concern," materially impacted virtually all business in the United States and much of the world. The outbreak of COVID-19 has resulted in numerous infections and deaths worldwide, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak continues to evolve, and many countries, states, provinces, districts, departments and municipalities still impose some form of mandatory quarantines, curfews, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues, including certain infrastructure structures and facilities. Businesses also implemented similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, create significant disruption in supply chains and economic activity and have had a particularly adverse impact on transportation, hospitality, tourism and entertainment, among other industries. Even as the availability of vaccines and improved therapeutic treatments slows the spread of the virus and lower mortality rates, the full impact of COVID-19, including a global, regional or other economic recession, are uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Funds and their Investments and could adversely affect the Funds' ability to fulfill its investment objectives

The extent of any impact of any public health emergency on the operational and financial performance of the Funds will depend on many factors including the duration and scope of such public health emergency, the impact of travel advisories and restrictions implemented, and their impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Funds' Investments as well as the ability of the Funds to source, manage and divest investments and achieve their investment objectives, all of which could result in significant losses to the Funds. In addition, while ZCG operated largely remotely for about half of 2021 without significant impact on its business, the operations of each of the Fund, its Investments and the General Partner may be significantly impacted, or even halted, either temporarily or on a

long-term basis, as a result of future government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Risks Related to the Private Equity Funds and the Partners I Co-Invest Funds

Need for Follow-On Investments

Following its initial investment in a given portfolio company, the Private Equity Funds or certain Partners I Co-Invest Funds may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Private Equity Funds or Partners I Co-Invest Funds will make follow-on investments or that such Funds will have sufficient funds to make all or any of such investments. Any decision by such Funds to not make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for such Funds to increase its participation in a successful operation.

Leverage

The Private Equity Funds and Partners I Co-Invest Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies such Funds' opportunities for gain and their risk of loss from a particular investment. The use of leverage will also result in interest expense and other costs to such Funds that may not be covered by distributions made to such Fund or appreciation of their investments. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of such Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, such Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Funds.

Furthermore, should the credit markets be limited or costly at the time the Private Equity Funds or Partners I Co-Invest Funds determine that it is desirable to sell all or a part of a portfolio company, such Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. The Private Equity Funds may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The Private Equity Funds may incur leverage on a joint and several bases with one or more other investment funds and entities managed by the General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Private Equity Funds incur leverage (or provide such guaranties), such amounts may be secured by capital commitments made by such Funds' investors and such investors' contributions may be required to be made directly to the lenders instead of to such Funds.

Structured Financings

The Private Equity Funds may employ leverage when acquiring investments, including by utilizing structured financings such as collateralized loan obligations.

If a collateralized loan obligation transaction occurs, the Private Equity Funds' investment in the subordinated notes may be made indirectly through a purchase of a limited liability company interest in a collateral manager of a collateralized loan obligation order to capitalize the collateral manager and comply with EU Risk Retention Rules (see "Collateralized Loan Obligations" above).

Risks Related to the Loan Fund*Leverage*

The Loan Fund utilizes leverage by purchasing securities with the use of borrowed funds, entering into total return swaps and through other leveraging techniques. In addition, the Loan Fund may use affiliates formed specifically for the purpose of issuing medium-term notes, commercial paper, collateralized loan obligations and/or other financing instruments to generate leverage. The use of leverage by the Loan Fund creates certain risks. Leverage magnifies gains and losses attributable to other investment policies and practices, such as investing in below investment grade instruments. However, there can be no assurance that adequate (or any) leverage will be available to the Loan Fund. There can be no assurance that the Loan Fund would be able to maintain adequate financing, particularly in adverse market conditions, such as those that generally occurred during the latter part of 1998 and 2007-2009. If it is not able to do so, forced portfolio liquidations and significant losses of capital could result.

Collateralized Loan Obligations

The Loan Fund may invest in collateralized loan obligations (a "CLO"). The market value of a CLO will generally fluctuate with, among other things, the financial condition of the obligors on the underlying debt obligations or, with respect to synthetic securities, of the obligors on or issuers of the reference obligations, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Certain investments (e.g., bank loans, and high-yield and mezzanine debt securities) may constitute all or a significant portion of the underlying securities held by a CLO, synthetic security or other investment of the Loan Fund and these vehicles are therefore subject to risks particular to such securities.

As discussed above, in order to comply with the requirements of the E.U. Risk Retention Rules, a collateral manager of a CLO may be required to hold a certain amount of notes of the collateralized loan obligation it manages. To satisfy those rules, LOF Master Fund, through its investment in the CLO Manager for the 2015 CLO and the 2019 CLO, is invested in the subordinated notes of the CLO. The Loan Fund or other Funds (subject to the Governing Fund Documents) may participate in subsequent CLOs that are similarly structured to comply with the EU Risk Retention Rules. Furthermore, the collateral manager of such CLOs (including the CLO Manager) will be an operating business with independent directors, certain separate employees, fiduciary duties to CLO investors and potential liabilities both to CLO investors and third parties. The Loan Fund's investment in such a collateral manager subjects it to the risk of the collateral manager experiencing significant losses, which could materially affect LOF Master Fund's return on its investment. To address such risks with respect to the CLO, ZCG sought to isolate LOF Master Fund from the

operating costs and liabilities of the collateral manager by investing sufficient capital in the collateral manager to cover such operating costs and by indemnifying LOF Master Fund to the extent that any loss, liability or claim against the collateral manager reduces the return of the subordinated notes received by LOF Master Fund below that which it would have received on a direct investment in the subordinated notes. ZCG may, but is not required to, adopt similar practices with respect to a Fund's participation in similarly structured CLOs in the future. Moreover, the subordinated notes issued by a CLO complying with the EU Risk Retention Rules, including those funded by the Master Fund and held by the Collateral Manager in the CLO, are highly illiquid because of the limited market for subordinated notes of a CLO generally and because a collateral manager, on account of the EU Risk Retention Rules, is not permitted to transfer such notes to another party. See also "Risks Related to the CLO" below.

Distressed Securities and Below Investment Grade Loans and Securities

The Loan Fund may invest in distressed securities, loans and other obligations of domestic and foreign companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the Loan Fund, they involve a substantial degree of risk. There can be no assurance that the general partner will correctly evaluate the value of a company's assets or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Loan Fund invests, the Loan Fund may lose its entire investment, may be required to accept cash or securities with a value less than the Partnership's original investment, and/or may be required to accept payment over an extended period of time.

Investments in financially troubled companies could, under certain circumstances, subject the Loan Fund to additional litigation risks or prevent the Loan fund from disposing of such investments. For example, troubled companies require active monitoring and involvement may, at times, require participation in business strategy or reorganization proceedings by the general partner. To the extent the general partner becomes involved in such proceedings, the Loan Fund may have a more active participation in the affairs of the issuer than that generally assumed by an investor. Furthermore, in a bankruptcy or other proceeding, the Loan Fund as a creditor may be unable to enforce its rights in any collateral or may have its security interests in any collateral challenged, disallowed or subordinated to the claims of other creditors.

Lack of Liquidity of Investments

A large portion of the Loan Fund's portfolio may consist of securities, loans and other financial instruments which are not actively and widely traded. Consequently, it may be relatively difficult for the Partnership to dispose of such investments at favorable prices in connection with withdrawal requests, adverse market developments or other factors. Illiquid securities may also be more difficult to value.

Risks Related to the CLOs

Below Investment-Grade Assets

The CLOs' assets will consist primarily of non-investment grade loans or interests in non-investment grade loans, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that the CLOs' assets generally will be subject

to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the portfolios concentrated in one or more particular types of collateral obligations.

Prices of the CLOs' assets may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the CLOs' assets. Additionally, loans and interests in loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the high-yield debt securities market.

Leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the collateral obligations. Collateral obligations included in the CLOs' assets may include discount obligations and debtor-in-possession ("DIP") collateral obligations. Such collateral obligations may be subject to a higher risk of becoming defaulted obligations than other collateral obligations. The ultimate amount of defaults and timing of the recoveries may substantially diminish the expected returns to the subordinated notes and the most subordinated classes of secured notes.

A non-investment grade loan or an interest in a non-investment grade loan is generally considered speculative in nature and may become a defaulted obligation for a variety of reasons. Upon any collateral obligation becoming a defaulted obligation, such defaulted obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted obligation. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any defaulted obligation will be at least equal to either the minimum recovery rate assumed by either rating agency in rating the secured notes or any recovery rate used in connection with any analysis of the offered securities that may have been prepared by an initial purchaser for or at the direction of holders of any offered securities.

European Risk Retention and Due Diligence Requirements

Investors should be aware of the European Union's risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, investment firms, authorized alternative investment fund managers, insurance and reinsurance undertakings and undertakings for collective investment in transferrable securities (UCITS) funds. Such requirements as they apply to credit institutions and

investment firms, (pursuant to the Capital Requirements Regulation Retention Requirements) and authorized alternative investment fund managers (pursuant to the AIFMD Retention Requirements) and insurance and reinsurance undertakings (pursuant to the Solvency II Retention Requirements) are currently in force.

Among other things, such requirements (which are collectively referred to herein as the “Existing EU Retention Requirements”) restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its investment position, the underlying assets and the relevant sponsor, original lender or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitization has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5.0% in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

The risk retention and due diligence requirements described above may apply to certain European investors in respect of the Refinancing Notes. Investors should therefore make themselves aware of the EU Retention Requirements (and any corresponding implementing rules of their regulator), and any proposed changes, where applicable to them, in addition to any other regulatory requirements that are (or may be) applicable to them with respect to their investment in the Refinancing Notes.

Investors in the Refinancing Notes are responsible for analyzing their own regulatory position, monitoring and assessing changes to the EU Retention Requirements and their regulatory capital requirements and are encouraged to consult with their own investment and legal advisors regarding compliance with the EU Retention Requirements or any other applicable legal, regulatory or other requirements, and the suitability of the Refinancing Notes for investment.

Combination or “Layering” of Multiple Risks May Significantly Increase Risk of Loss

Although the various risks discussed in the 2018 Offering Memorandum related to the Refinancing Notes and the 2015 Offering Memorandum are generally described separately, noteholders should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor in the notes may be significantly increased.

Risks Related to the Tactical Funds

Leveraged Investments

The Tactical Funds will make use of leverage by incurring or having an issuer incur debt to finance a portion of its investment in a given issuer of investments, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Tactical Funds’ opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it

may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Tactical Funds that may not be covered by distributions made to the Tactical Funds or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of issuers of investments will increase the exposure of the Tactical Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Tactical Funds' investments in the leveraged issuers in a down market. In the event any issuer of investments cannot generate adequate cash flow to meet debt service, the Tactical Funds may suffer a partial or total loss of capital invested in the issuer of investments, which could adversely affect the returns of the Tactical Funds. Furthermore, should the credit markets be limited or costly at the time the Tactical Funds determine that it is desirable to sell all or a part of an issuer of investments, the Tactical Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Tactical Funds will invest generally will not be rated by a credit rating agency. The Tactical Funds may also borrow money or guaranty indebtedness. The Tactical Funds may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the Manager or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Tactical Funds incur leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Tactical Funds' investors and such investors' contributions may be required to be made directly to the lenders instead of the Tactical Funds.

Structured Financings

The Tactical Funds may employ leverage when acquiring investments, including by utilizing structured financings such as collateralized loan obligations.

If a collateralized loan obligation transaction occurs, the Tactical Funds' investment in the subordinated notes may be made indirectly through a purchase of a limited liability company interest in a collateral manager of a collateralized loan obligation order to capitalize the collateral manager and comply with EU Risk Retention Rules (see "Collateralized Loan Obligations" above).

Non-controlling Investments

The Tactical Funds will principally hold debt obligations and other non-controlling interests in issuers of investments and, therefore, will have a limited ability to protect the Tactical Funds' position in such issuers. However, the Manager will seek appropriate creditor and shareholder rights to help protect the Tactical Funds' interest. The Tactical Funds may invest in minority positions of companies and in companies for which the Tactical Funds have no right to appoint a director or otherwise exert significant influence or protect its position. In such cases, the Tactical Funds will be significantly reliant on the existing management and board of directors of such

companies, which may include representation of other financial investors with whom the Tactical Funds are not affiliated and whose interests may conflict with the interests of the Tactical Funds.

Item 9: Disciplinary Information

Item 9 requires disclosure of legal and disciplinary events. There are no events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

ZCG or the Managers are responsible for decisions regarding such Funds and have full discretion over the management of such Funds' investment activities. While the Managers are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Advisers Act and the rules thereunder. All supervised persons of each of the affiliated advisers are subject to the same written Code of Ethics (the "Code") administered by the same Chief Compliance Officer.

ZCG's affiliated entities are exempt from registration as a commodity pool operator.

ZCG is affiliated with ZCCF that engages in the business of originating loans. The Funds may purchase loans originated, structured or serviced by ZCCF for which ZCCF receives fees. The Loan Fund would need approval of the Loan Fund's advisory committee to purchase loans originated by ZCCF.

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

Code of Ethics

Pursuant to Rule 204A-1 of the Advisers Act, ZCG has adopted the Code predicated on the principle that ZCG owes a fiduciary duty to the Investors and its Funds. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of ZCG, or other person occupying a similar status or performing similar functions on behalf of ZCG (the "Supervised Persons"). ZCG requires its Supervised Persons to act in the Funds' best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper. A copy of ZCG's Code is available upon request.

Supervised Persons

Supervised Persons may only trade in securities that constitute Reportable Securities (as defined by the Code) with pre-clearance provided by the Chief Compliance Officer or their designee. ZCG maintains an electronic database through which all such pre-clearance requests are processed and maintained. Supervised Person may trade in securities that are exempted from the definition of Reportable Securities (e.g., municipal bonds, mutual funds, exchange traded funds, obligations of governments of European Union countries, the United Kingdom, Canada, Switzerland and Japan, currencies, commodities and commodity futures) without such pre-clearances.

Supervised Persons are prohibited from investing in IPOs or securities obtained through a private placement (except in limited circumstances for those private placements managed by ZCG). Any

exceptions with respect to private placements require pre-clearance. Supervised Persons are also required to provide reports not less than quarterly regarding transactions and holdings in the accounts which the Supervised Persons have a beneficial ownership interest or exercise any investment discretion. Supervised Persons must disclose all personal accounts initially upon commencement of employment or otherwise upon being designated a Supervised Person and certify compliance annually thereafter.

Conflicts of Interest

ZCG is subject to certain conflicts of interest in advising the Funds. Some of these conflicts are summarized here, but this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. The Governing Fund Documents contain a more complete description of what ZCG believes to be the most significant conflicts of interest associated with an investment in each Fund but is also not an exhaustive list.

ZCG's affiliated entities serve as the investment adviser and general partner, to the Funds. Generally, the Managers of the Funds will have an investment in the Funds. Therefore, ZCG may be considered to participate indirectly in transactions effected for the Funds in which it has an investment. The foregoing relationships, fees, and any other actual or potential conflicts of interest are disclosed in the respective Governing Fund Documents.

Principal and Cross Transactions

The Managers or their affiliates may enter into "principal transactions" with a Fund within the meaning of Section 206(3) of the Advisers Act in which the Managers or their affiliate acts as principal for its own account with respect to the sale of a security to or purchase of a security from the Fund. Principal transactions introduce conflicts of interest because the Managers will have a conflict between acting in the best interests of the Fund and assisting itself or its affiliate by selling or purchasing a particular security.

In addition, the Managers may direct one Fund to sell a security to or purchase a security from another Fund. When effecting cross transactions between Funds, the Managers may have conflicting loyalties and responsibilities with respect to each participating Fund. They also give rise to conflicts of interest because the Managers might have an incentive to sell the assets held by one Fund to another Fund in order, for example, to earn higher fees. Cross trades may be viewed as principal transactions due to the ownership interest in the Fund by the Managers or their personnel.

The Funds may also have the opportunity to purchase loans from ZCCF or another affiliate of ZCG engaged in the business of originating loans.

To the extent that any cross transaction or affiliate transaction described above qualifies as a "principal transaction" under the Advisers Act, the Managers will comply with the requirements of Section 206(3) of the Advisers Act, including providing the required disclosure to each participating Fund before completion of the transaction and obtaining each participating Fund's consent to the transaction. Specifically, principal transactions will be submitted to the Fund's Advisory Board, independent directors or similar independent body for approval or denial of approval.

ZCG has established internal policies and procedures governing principal and cross transactions. Various members of ZCG's legal department and the Chief Compliance Officer are involved in the monitoring, review and approval of such transactions. In analyzing a proposed transaction, the Chief Compliance Officer will, among other things, review the transaction for compliance with internal policies and procedures and, in the case of principal transactions, confirm that all required disclosure and consent requirements have been satisfied.

CLO Structuring

As described above, LOF Master Fund, Z Capital Credit Tactical Fund, L.P., and Z Capital Credit Tactical Co-Invest Fund-A, L.P. effected a portion, or all, of their investment in the 2015 CLO, the 2019 CLO and the 2021 CLO through an investment in the CLO Manager and may participate in other CLOs that are similarly structured. This type of CLO structure presents a conflict of interest because LOF Master Fund's, Z Capital Credit Tactical Fund, L.P.'s, and Z Capital Credit Tactical Co-Invest Fund-A's is necessary for the CLO, a ZCG Client, to comply with the EU Risk Retention Rules and for the CLO Manager, a ZCG subsidiary, to earn the fees derived from the 2015 CLO, the 2019 CLO and the 2021 CLO. Furthermore, although the interests of 2015 CLO, 2019 CLO and the 2021 CLO note holders and LOF Master Fund, Z Capital Credit Tactical Fund, L.P., and Z Capital Credit Tactical Co-Invest Fund-A, L.P. investors will generally be aligned, the Collateral Manager, an affiliate of the Adviser, may in certain circumstances have a conflict of interest between acting in the best interests of the 2015 CLO's, 2019 CLO's and 2021 CLO's senior note holders and acting in the best interests of the 2015 CLO's, 2019 CLO's and 2021 CLO's Subordinated Note holders (which will indirectly include the LOF Master Fund, Z Capital Credit Tactical Fund, L.P., and Z Capital Credit Tactical Co-Invest Fund-A, L.P. and their investors). In light of the aforementioned potential conflicts of interest and given that the LOF Master Fund's, Z Capital Credit Tactical Fund, L.P.'s, and Z Capital Credit Tactical Co-Invest Fund-A, L.P. Master Fund's investment in the CLO Manager might have constituted a "principal trade" under Section 206(3) of the Advisers Act, appropriate disclosure was made and the approval of the investors funds was sought and obtained prior to such investment.

Multiple Clients and Allocating Investment Opportunities

Currently, ZCG serves as adviser to multiple private funds which may have overlapping investment objectives and invest in assets of a similar nature. The decision as to whether an investment is suitable as well as the allocation of investment opportunities may involve conflicts of interests in terms of acting in some or all the Funds' best interests and making an investment available to some, all or none of the Funds. In addition, the Funds may invest in the same issuers, including in different portions of the capital structure of such issuers, which may cause conflicts of interest with respect to the negotiations of investment terms, any restructuring of the issuers and enforcement of remedies associated with the different portions of the capital structure.

To mitigate these conflicts of interest, allocations of investment opportunities among the Funds are determined by ZCG in accordance with its investment allocation policies and procedures and consistent with its fiduciary duties. ZCG seeks to allocate investment opportunities in a fair and equitable manner, considering relevant factors, including, without limitation, the following:

- (i) investment objectives,
- (ii) investment strategies,

- (iii) investment parameters and restrictions,
- (iv) tax considerations,
- (v) liquidity considerations,
- (vi) existing exposures to an investment and other risk considerations,
- (vii) diversification and portfolio risk considerations,
- (viii) legal and/or regulatory considerations,
- (ix) asset levels,
- (x) timing and size of investor capital contributions and redemption,
- (xi) whether the vehicle is in the process of fundraising or in a ramp-up period,
- (xii) whether the investment opportunity is a follow-on investment;
- (xiii) cash flow considerations,
- (xiv) current and anticipated market and general economic conditions, and
- (xv) any other criteria deemed relevant by ZCG.

If more than one of the Funds has the capacity to make an investment that would be suitable for such Funds, the Managers will allocate the investment opportunity considering the factors listed above. The Manager will allocate to the primary fund the amount of the investment opportunity the Manager determines to be appropriate for the fund. To the extent that, after giving effect to the foregoing, there is an opportunity to co-invest with the primary fund (e.g., Partners I or the Tactical Fund), the Manager may allocate a portion of the available co-investment opportunity to the relevant Co-Invest Fund (e.g., Partners I Co-Invest Funds or Tactical Co-Invest, respectively). Such co-investment allocations will be subject to available capital. Any allocation decisions are subject to review by the Chief Compliance Officer for compliance with internal policies and procedures and disclosures made to the Funds and Investors.

Furthermore, certain ZCG personnel may have conflicts in allocating their time and services among the Funds.

Expense Allocation

The Managers or their affiliates incur expenses on behalf of or for the benefit of more than one of the Funds. Generally, expenses are charged to the Fund to which they relate, and to the extent such expenses are attributable to multiple Funds, the Managers will allocate such expenses taking into account relevant factors, including, among other things, (i) where the expense relates to a specific service, which Funds benefited from the service, (ii) where the expense relates to a specific investment, which Funds hold or held the investment and the total invested cost of such investment, and (iii) where the expense does not relate to a specific service or investment, each Fund's pro-rata share of commitments. All relevant invoices and other documentation supporting the allocation of expenses are maintained and any allocation decisions are subject to review by the Chief Financial Officer for compliance with internal policies and Governing Fund Documents.

Directors of Portfolio Companies

Additional conflicts of interest may arise because members of ZCG's investment team often serve as directors of portfolio companies of the Funds. Because such directors may have fiduciary duties to their portfolio companies, there may be conflicts of interests between the Funds, on one hand, and the portfolio companies, on the other. As noted above, the Funds will be required to indemnify

the Managers and their personnel from derivative or similar claims brought by shareholders of the portfolio companies.

Information Barriers

In connection with the investment activities of ZCG, certain ZCG investment personnel may have access to material non-public information concerning a public issuer in which ZCG has invested, or proposes to invest, on behalf of the Funds. In particular, ZCG investment personnel who serve as directors of portfolio companies that are public issuers may obtain such information in their capacities as directors with respect to such companies.

ZCG's receipt of material, non-public information limits ZCG's ability to trade in the securities of a public issuer. Such a prohibition restricts the investment opportunities and exit opportunities available to the Funds and thereby could have an adverse effect on the return of the Funds. In order to preserve flexibility to trade in the securities of a public issuer without violating securities laws that restrict trading while in possession of material, non-public information, information barriers were, and may in the future be, erected for prescribed periods of time to limit the flow of material non-public information from persons who possess or may have access to such information ("Private-Side Persons") to persons that trade in the securities of a specific company ("Public-Side Persons"). The purpose of the information barriers is to insulate the material, non-public information and ensure that decisions taken by Public-Side Persons are taken without reference to, or knowledge of, any interests of Private-Side Persons. ZCG has established an information barrier policy and provides training to Supervised Persons on the implementation and maintenance of information barriers that may be established from time to time.

Item 12: Brokerage Practices

ZCG seeks to obtain best execution. ZCG endeavors to assess the dealers and other counterparties used at both an aggregate and transaction-by-transaction level. Generally speaking, best price would be the most critical factor considered, especially in the context of selling investment positions. In general, ZCG's investments are private placement securities which only certain dealers or other counterparties may offer or trade in. Therefore, ZCG is limited to entering into transactions with those dealers and counterparties offering or trading in the investment, and the characteristics of the investment drive the decision as to which dealer or other counterparty ZCG uses. However, ZCG may contact various dealers or counterparties to determine where a particular investment is available to achieve the best possible price. ZCG may consider the available quantity of the investment offered by a dealer or counterparty when determining to transact.

As part of the investment process, ZCG determines the appropriate price at which ZCG is comfortable buying or selling investment positions based on its internal analysis of the investments. ZCG will negotiate spreads with respect to certain transactions and execute such trades to consider the benefit of fairly compensating brokers and other counterparties in order to gain future investment opportunities for the Funds and other information flow that benefits the Funds. ZCG may determine that an investment opportunity is appropriate for one or more Funds and may allocate transactions among these Clients. ZCG will endeavor to identify and resolve conflicts with respect to investment opportunities in a manner which it deems equitable under the facts and circumstances and in accordance with applicable legal requirements including the U.S. federal securities laws.

The Managers are generally authorized to make the following determinations, subject to each Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of its Investors: (1) which securities or other instruments to buy or sell; (2) the total amount of a particular security or other instrument to buy or sell; (3) the executing broker or counterparty for any transaction; and (4) the broker's imputed spread or other transaction-based costs that are paid in connection with such transactions.

ZCG does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to ZCG's own research effort. To the best of ZCG's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. ZCG does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services.

Item 13: Review of Accounts

All investments are carefully reviewed and approved by ZCG's investment team. The loans and other investments are reviewed on a continuous basis and members of the investment team meet regularly to discuss investment ideas, the market, and the events of the prior period. The investment team also engages in various informal meetings and discussions as they continuously monitor the portfolio and current and potential investments.

ZCG provides each Investor with the following reports in accordance with the terms of the applicable Governing Fund Documents: (i) audited annual financial statements; (ii) a monthly report for the Loan Fund or a quarterly report for the other Funds and their respective Co-Invest Funds setting forth an unaudited capital account balance for the Investor in the respective Fund, and such other information as the Managers may deem appropriate; and (iii) annual tax information necessary to complete any applicable tax returns. ZCG also holds regular meetings with the Investors of the Private Equity Funds.

Item 14: Client Referrals and Other Compensation

ZCG has previously used and may periodically engage third party placement agents in the future, to introduce prospective investors to the Funds. The fees and expenses of any third-party placement agents are paid by ZCG and not by the Investors.

Item 15: Custody

The Funds are and will be subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end.

It is ZCG's policy that it does not have physical custody of any Client assets. However, the Managers are generally deemed to have custody of Client funds and securities where they have authority to obtain possession of Client funds or securities because of their capacity to access Client accounts in their capacity as managers of the Funds.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Governing Fund Documents, ZCG generally has discretionary authority to determine, without obtaining specific consent from the Funds or their underlying Investors, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds. The Governing Fund Documents may impose investment limitations on a Fund, including restrictions on the amount of capital that can be invested in a specific type of security, any single portfolio company, or portfolio companies organized in particular geographic regions. Investors in the Funds may also negotiate for other investment-related terms in their Other Agreements that would only apply to the Investor's investment in the Fund. Such investment-related terms may include limitations or prohibitions on investing in certain industries/sectors, or in specified countries or regions, and may provide a right to opt out of certain investments for legal, tax, regulatory or similar reasons.

Item 17: Voting Client Securities

In accordance with its fiduciary duty to Investors and Rule 206(4)-6 of the Advisers Act, ZCG has adopted and implemented written policies and procedures governing the voting of securities held by the Funds.

The Funds' portfolios may, on occasion, hold equity securities for which proxy votes may be held. While the Funds may from time to time have some form of voting rights, the Funds generally do not invest in publicly traded equity securities and thus traditional proxy voting generally does not apply. ZCG may have significant control via board membership (or otherwise) of the companies it invests in on behalf of the Funds, and it will ensure that all decisions are in the best interests of the Funds. The types of rights the Funds generally have are handled as part of the investment process and investment team members shall retain all documentation reasonably available to identify the basis for the decision and why it was made in the best interests of the Funds.

For each portfolio company, designated investment members have principal responsibility for the ongoing monitoring and reporting of the investment. In cases where a proxy vote may occur (or similar rights are invoked) and the credit funds and a private equity fund participate in the relevant investment, the designated members of the private equity Investment Team on one hand and Credit Partners Investment Team on the other will independently determine how to best serve the interest of the fund for which they are responsible and will subsequently direct the CEO, CCO or Internal Counsel in writing how to cast the votes for the respective funds. In all cases, ZCG will vote in accordance with its fiduciary duty and attempt to maximize value on behalf of the Funds.

All conflicts of interest with respect to the voting of securities will be resolved in the interests of the Funds. In situations where ZCG perceives a material conflict of interest, ZCG will obtain

recommendations from the applicable Fund's Advisory Board to provide an independent recommendation on how ZCG should vote the Funds' interest.

All proxies that ZCG receives will be treated in accordance with these policies and procedures. A copy of ZCG's written proxy voting policies and procedures, as well as a record of how ZCG has voted in the past, will be maintained and available for review upon written request.

Item 18: Financial Information

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