



MSD PARTNERS, L.P.

Form ADV Part 2A – Firm Brochure

March 31, 2022

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This brochure (“Brochure”) provides information about the qualifications and business practices of MSD Partners, L.P. (“Adviser” or “MSD”). If you have any questions about the contents of this Brochure, please contact us at (212) 303-4728 or bsimonds@msdpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov. The Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

The Adviser routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and firm practices.

The Adviser does not believe there has been a material change to this Brochure since the last annual update on March 31, 2021. However, the Adviser has made updates to Items 5, 8, and 10 of the Brochure to expand upon the description of certain fees and expenses, potential risks of investing in Clients (as defined in Item 4 below) and conflicts of interest, respectively.

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ITEM 4

ADVISORY BUSINESS

General Description of Advisory Firm

The Adviser is a Delaware limited partnership that was founded in July 2009 by the then principals of MSD Capital, L.P. (“MSD Capital”). MSD Capital is the family office that was founded in 1998 to exclusively manage the capital of Dell Technologies founder and Chief Executive Officer, Michael Dell, and his family. Michael Dell is a substantial investor in Clients (as defined below) managed by the Adviser, but neither controls nor is involved in the day-to-day management of the Adviser. The Adviser is registered as an investment adviser with the SEC and is owned by MSD Partners (GP), LLC, as the general partner, and its limited partners, who include MSD’s Chief Executive Officer, Gregg Lemkau, and certain members of MSD’s senior management team. The Adviser maintains its principal place of business in New York City and has additional offices in Rye, New York; West Palm Beach, Florida; and Santa Monica, California.

Description of Advisory Services

MSD is a leading investment firm focused on maximizing long-term capital appreciation across its core areas of investing expertise – Credit, Private Capital, Real Estate Equity and Growth Equity, which are described more fully in Item 8 below. The Adviser provides investment management services to its advisory clients, which are comprised of various private funds, including pooled investment vehicles and single investor funds, separately managed accounts and an investment vehicle that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the “1940 Act”) (each, a “Client” and collectively, “Clients”). The Adviser serves as the investment adviser to its Clients on a discretionary basis.

The advisory relationship between each Client and the Adviser is governed by their respective investment management agreement (each, a “Management Agreement”). Investment advice is provided directly to Clients and not individually to the limited partners or members (hereinafter together referred to collectively as “investors”) in Clients. Investment restrictions for Clients, including investment objectives and guidelines, if any, are set forth in each Client’s governing documents, which could include, but are not limited to, the applicable private placement memorandum, prospectus, limited partnership agreement, limited liability agreement, Management Agreement or side letter (such documents collectively, “Governing Documents”).

All discussions of the Clients in this Brochure – including, but not limited to, their investments, the strategies used in managing the Clients, the fees and other costs associated with an investment in the Clients, the risks associated with making an investment in the Clients, and conflicts faced by the Adviser and its affiliates in connection with managing the Clients – are qualified in their entirety by reference to each Client’s respective Governing Documents. Moreover, the Adviser has and will enter into agreements, such as side letters, with certain underlying investors that in certain cases will provide for terms of investment or access to information that are more favorable than the terms provided to other underlying investors of the same Clients.

The Adviser does not participate in wrap fee programs.

As of December 31, 2021, the Adviser managed \$13,055,137,038 billion on a discretionary basis. This amount reflects regulatory assets under management as calculated in Part 1 of our Form ADV.

This Brochure generally includes information about the Adviser and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made.

The descriptions set forth in this Brochure of specific advisory services that the Adviser offers to Clients, and investment strategies pursued and investments made by the Adviser on behalf of its Clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of any invested capital. There can be no assurance that the investment objectives of any Client will be achieved.

ITEM 5 FEES AND COMPENSATION

Advisory Fees and Compensation

The fees and expenses applicable to each Client are set forth in detail in each Client's Governing Documents. A brief summary of such fees and expenses is provided below.

Management Fees

Client investors generally pay the Adviser a quarterly management fee for investment management services that is deducted from the investor's capital account in advance or in arrears based on the net asset value of each investor's shares or interests (the "Management Fee"). Management Fees for Clients are charged on an annual basis. In the event that an investor makes a capital contribution to a Client other than as of the first day of a quarter, a *pro rata* portion of the quarterly Management Fee in respect of such investor, based on the actual number of days or months remaining in such partial quarter, will be paid to the Adviser by the investor. In the event that an investor's net asset value is reduced in connection with a withdrawal or redemption other than as of the last day of a quarter, the Adviser generally will repay the investor an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days or months remaining in such quarter. In the sole discretion of the Adviser or its affiliates, the Management Fee will be waived, reduced or calculated differently with respect to certain underlying Client or separately managed account investors, including (without limitation) the general partner or partners, members, employees or affiliates of the Adviser or MSD Capital (or their respective affiliates), and each of their respective family members, trusts, affiliates or foundations or other entities established by or for the benefit of such person or his or her family members (each a "Related Investor").

Performance-Based Allocations

Generally, at the end of each Client's fiscal year, the Adviser or an affiliate of the Adviser is entitled to an incentive allocation based on the net capital appreciation (which generally includes both realized gains and losses and unrealized appreciation and depreciation of securities held in each Client's portfolio) allocated to an investor's capital account for such fiscal year after deducting the Management Fee and other expenses debited to such investor's capital account for such fiscal year, subject to a loss carry forward mechanism (the "Incentive Allocation").

In the event that a Client is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. In the sole discretion of the Adviser or an affiliate of the Adviser, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors, including (without limitation) Related Investors.

To the extent Clients have side pocket investments ("Side Pocket"), the proceeds received in connection with any realized investment that the General Partner previously designated as a Side Pocket or the value of a deemed realized Side Pocket will be credited to the Side Pocket account participating in the applicable Side Pocket at the end of the accounting period in which the Side Pocket is realized (or deemed realized). The proceeds of a realized Side Pocket (or the value of a deemed realized Special Investment) will then become part of the participating

investor's capital account (after accounting for Management Fees and expenses and any Incentive Allocation with respect to such Side Pocket) based upon their interest in such Side Pocket account.

Additional information related to the nature and timing of the fees MSD charges its Clients is provided in the relevant agreement between MSD and the particular Client (as well as in the Governing Documents, as applicable).

Additional Fees and Expenses

As set forth in the applicable Client's Governing Documents, a Client will bear fees, costs and expenses associated with the organization, offer and sale of interests in such Client ("Organizational Expenses") as well as direct and indirect fees, costs, expenses resulting from the operations and investments made by such Client ("Operating Expenses"). The Organizational and Operating Expenses of a particular Client include, without limitation, the following fees, costs, and expenses:

- (i) investment expenses (e.g., expenses that, in the relevant general partner's, the Adviser or its affiliates' discretion, are related to applicable Client's investments whether or not such investments are consummated, such as costs, fees and other out-of-pocket expenses directly related to:
 - a. the investigation and diligence of investment opportunities (whether or not consummated);
 - b. research-related expenses, including, without limitation, news and quotation equipment and services and trading related computer hardware and software expenses, market data services, fees to third-party providers of research and/or portfolio risk management services and software and brokerage costs and fees;
 - c. sourcing, negotiation, structuring, acquisition, settlement, ownership, trading, monitoring, financing (including all amounts borrowed pursuant to a commitment facility, if applicable), hedging or sale of its investments and other transaction costs;
 - d. travel expenses (travel expenses for conducting diligence on investments, meeting management of existing or prospective investment targets), such as costs and expenses of accommodations, meals, and aircraft travel (including first or business class commercial airfare), and expenses of private air travel when deemed appropriate (taking into account the risks associated with public health crises such as the COVID-19 pandemic);
 - e. transaction fees, broken-deal expenses, loan administration and loan servicing expenses, expenses incurred in collection of monies owed a Client;
 - f. costs or expenses related to currency conversion in the case of investments denominated in currency other than U.S. dollars, consulting, advisory, investment banking, sourcing, finder's, legal, corporate licensing, valuation, and other professional fees (and similar payments and compensation)

relating to investments or contemplated investments, clearing and settlement charges, custodial fees, interest expenses, appraisal fees and expenses), and valuation and appraisal fees and expenses;

- (ii) certain compliance and reporting expenses, legal expenses, trade order management expenses;
- (iii) certain expenses payable to third parties, including agents, consultants, or other advisers, in monitoring financial and legal affairs for the Client;
- (iv) incurrence of leverage and indebtedness for a Client, including borrowings, dollar rolls, reverse purchase agreements, credit facilities, securitizations, margin financing and derivative swaps, and including any principal and interest on a Client's borrowings and indebtedness (including, without limitation, any fees, costs, and expenses incurred in obtaining lines of credit, loan commitments, and letters of credit for the Client and in making, carrying, funding and/or otherwise resolving investment guarantees);
- (v) costs incurred in connection with investor relations, board of directors relations, and preparing for and effectuating the listing of a Client's common stock on any securities exchange;
- (vi) implementing or maintaining third-party or proprietary software tools, programs, or other technology for the benefit of a Client (including, without limitation, any and all fees, costs and expenses of any investment, books and records, portfolio compliance and reporting systems, general ledger or portfolio accounting systems and similar systems and services, including, without limitation, consultant, software licensing, data management and recovery services fees and expenses;
- (vii) independent directors' fees and expenses, including reasonable travel, entertainment, lodging and meal expenses, and any legal counsel or other advisers retained by, or at the discretion or for the benefit of, the independent directors;
- (viii) costs of any reports, proxy statements or other notices to shareholders, including printing costs;
- (ix) fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- (x) costs incurred in connection with the formation or maintenance of entities or vehicles to hold Client assets for tax or other purposes;
- (xi) fees, costs, and expenses of winding up and liquidating a Client's assets;
- (xii) calculation of net asset value for applicable Clients (including cost and expenses of an independent valuation firm);

- (xiii) accounting, audit, tax preparation and other tax-related expenses (including preparation costs of financial statements, tax returns, reports to the Partners and Schedules K-1);
- (xiv) expenses relating to obtaining liability and fidelity insurance for directors and officers, the relevant general partner, the investment manager and their respective partners, members, and employees;
- (xv) certain taxes and government registration fees;
- (xvi) fees and expenses of the Board of Directors or Advisory Board, if applicable, including expenses related to meetings thereof;
- (xvii) printing and mailing costs, and expenses relating to transfers of interests in a Fund;
- (xviii) the Management Fee, administration fees and related costs (including fees to the third-party administrator); and
- (xix) extraordinary expenses (including litigation and indemnification expenses) and other expenses associated with the operation of a Client, as determined by the general partner in its sole discretion.

Due to the fact that the Adviser manages investments on behalf of a number of Clients, certain expenses will be incurred jointly for the benefit of more than one Client. The Adviser has adopted policies and procedures for the allocation of such fees and expenses among Clients, although the policies and procedures may change from time to time and may differ materially from those described below. If any of the above expenses or other expenses are incurred jointly for the benefit of more than one Client, such expenses will generally be allocated among the Clients in proportion to the actual or anticipated size of the investment made by each Client in the activity or entity to which the expense relates, or in such other manner as the general partner and/or the Adviser considers fair and reasonable. To the extent that expenses to be borne by a Client are paid by the general partner (in excess of its *pro rata* share) or the Adviser, the Client will reimburse the applicable general partner or the Adviser for such expenses. Although the Adviser aims to allocate such fees, costs, and expenses in good faith over time, there can be no assurance that such fees, costs, and expenses will in all cases be allocated proportionately. Except as otherwise described in each Client's Governing Documents, expenses will be shared by all of the investors in a particular Client *pro rata* in accordance with the net asset value of their respective shares or interests.

While some closed-end Clients incur an annual charge (typically 10 bps) for internal legal and administration work related to a Client's investments, other Clients, subject to the applicable Governing Documents, will bear a portion of compensation and overhead costs (otherwise payable by MSD), for administration, tax advisory, compliance, legal, finance and administration services provided by MSD employees to the applicable Client based on an approximation of time spent. Such services typically consist of services that would otherwise

be provided by a third-party whose fees, costs and expenses would be paid by the Client and will require MSD personnel to allocate their historical time spent on a monthly basis with respect to a Client or its general partner. Determining such charges based on an annual charge or an approximate allocation, rather than time recorded on an hourly or similar basis (which will not be undertaken), could result in the Client being charged a different amount (including relative to another Client), which could be higher or lower, than would be the case under a different methodology. In addition, the application of an annual charge or an approximation of time spent could result in the incurrence of greater expenses by the Client than would be the case if such services were provided by third parties at market rates. Further, in certain instances a Client's Governing Documents restrict the allocation of any of the foregoing amounts to it. In these cases, such a Client could bear none of the above expenses or less than its proportionate or relative share of these expenses. In circumstances where this occurs, Clients whose Governing Documents are not restrictive could bear more of these expenses than they otherwise would have.

Furthermore, some Clients may earn a monitoring fee from a portfolio company and such fee will offset the Management Fee that will be incurred by the Client. A portion of research-related expenses and trade order management expenses may be paid for using "soft dollars" (as described in further detail in Item 12 below).

The Adviser has relationships with experienced executives, senior advisors, consultants and other similar professionals with relevant sector-specific expertise, operating or other experience who are not employees or affiliates of MSD and who, from time to time, receive payments from, or allocations with respect to, portfolio investments, MSD or a Client. These individuals provide several benefits to the investment process and to portfolio investments, including serving as a source of proprietary deal flow and contacts, identifying operational opportunities and pitfalls during the due diligence process, providing sector-specific operational and competitive insight, providing direction and oversight post-acquisition, serving in an executive or board capacity, and helping to build and mentor management teams.

In certain cases, these advisors have certain attributes of MSD employees (e.g., they may participate in general meetings) even though they are not considered MSD employees, affiliates or personnel for purposes of the Governing Documents. If such an advisor is engaged to provide services to a Client or a portfolio investment, or as an officer or member of the board of directors of a portfolio investment, a Client and/or the applicable portfolio investment will pay for and bear all or a portion of these costs of services at rates determined in good faith by MSD or the portfolio investment, as applicable. In certain cases, the amount payable by a Client or MSD will be offset by the amount paid by a portfolio investment.

The compensation paid to such an adviser could be comprised of various types of arrangements, including one or more of the following: (i) retainers and annual fees, (ii) carried interest distributions and/or other profit sharing arrangements, including profits realized in connection with the disposition of a single asset and (iii) other types of fees, bonuses and compensation not otherwise specified above. None of the compensation received by such persons, whether in the form of cash or equity, will reduce the Management Fee payable by the Client. In addition, one Client may bear a greater share of the adviser's minimum compensation due to the utilization of such adviser's services by such Client at a time when fewer Clients are utilizing such adviser. Furthermore, such advisers may be provided other compensation and benefits from MSD, including opportunities to co-invest with Clients in particular investments or other compensation from a portfolio investment (which, as noted above, would not offset the

management fee), and/or opportunities to invest in Clients on advantageous terms (e.g., without paying a management fee or carried interest). From time to time, MSD will transition former employees to advisers or consultant status and vice versa, and the individual may retain the compensation received in such capacities prior to such transition. In addition, certain individuals will also be engaged by a Client or MSD as consultants to provide industry or other expertise on a deal by deal basis and will have certain of the attributes of an adviser described above but generally will not have ongoing relationships with MSD or its Clients.

Additional Compensation and Conflicts of Interest

Neither the Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-Based Fees

The Adviser and its affiliates receive performance-based compensation in the form of an Incentive Allocation from every Client. Any share of profits paid to MSD or its affiliates by a Client is separate and distinct from the Management Fee charged by MSD for advisory services. MSD's employees will generally not pay such performance-based allocations with respect to their direct or indirect investments in Clients.

Performance-based compensation and allocation arrangements create an incentive to favor accounts from which affiliates of the Adviser receive greater performance-based compensation (or which have no high water mark) over accounts from which affiliates of the Adviser receive less performance-based compensation. In addition, there is the incentive to trade more aggressively for some Clients than others or invest in riskier assets on behalf of one Client as compared to another in an effort to maximize the profits for those Clients in which the Adviser or its affiliates would share through an Incentive Allocation.

Side-by-Side Management

The Adviser provides advisory services to Clients for which the investment mandates, compensation and fee arrangements (including with respect to performance fees and fee offsets) and other circumstances differ from Client to Client. This creates a potential conflict of interest with respect to the allocation of investment opportunities, as Clients that pay higher fees will create an incentive to direct investment ideas to, and/or to allocate investments in favor of such Clients. In addition, MSD enters into strategic accounts directly or indirectly with investors that commit significant capital into a particular Client. Such arrangements often include MSD granting certain preferential terms to these investors, including a waiver or reduction of Management Fees or performance fees or carried interest, that are lower than those applicable to Clients in which such investors invest. Where any such accounts invest in a Client, such indirect preferential terms (or other preferential terms set forth in the Governing Documents) are generally not subject to the Client's "most favored nation" provisions.

To mitigate potential conflicts of interest, allocations of investment opportunities among Clients are determined in accordance with MSD's allocation policy and consistent with its fiduciary duties and corresponding investment mandates. It is MSD's policy that all investment opportunities, will, to the extent practicable, be allocated among its Clients, taking into account the terms of the relevant Governing Documents, the relevant facts and circumstances, and the below factors ("Investment Factors"), among others, which may result in allocations of certain investments on an other than *pro rata* basis.

- *Client specific restrictions*: tax restrictions (e.g., Effectively Connected Income constraints), offering memorandum restrictions, side letters, investment agreements and any restrictions placed on the Client by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974);
- *Suitability*: investment objectives and strategies of the Client, including the risk appetite, tolerance, and/or capacity of the Client;

- *Position Sizing*: allocations effected to reach portfolio managers' target position size (e.g., allocated so that each participating Client reaches the same position size as an approximate percentage of its portfolio or an approximate percentage of an issuer, industry, sector or country) or when "rebalancing" such percentages due to withdrawals and/or subscriptions;
- *Client Composition*: asset size, size of potential investment and transaction costs relative to assets under management, as well as industry, sector and country weightings and exposure considerations/concentration;
- *Opportunity*: current market conditions and capacity/liquidity for the opportunity, nature of the security to be allocated as well as transaction terms (e.g., execution opportunities and costs);
- *Origination Underwriting*: when an investment opportunity has limited capacity, it may be allocated to the Client(s) of the portfolio manager(s) who was/were instrumental in developing, or negotiating or underwriting the investment opportunity;
- *Odd-lot Positions*: avoidance of "odd-lot" positions where traders may round up allocations to the nearest lot size;
- *Cash*: available capital including funding limitations, Client liquidity and expected cash flows (pending redemptions/subscriptions); "*Odd-lot" positions*: avoidance of "odd-lot" positions – traders may round up allocations to the nearest lot size;
- *De minimis*: if an allocation would result in a *de minimis* investment allocated to a particular Client (vis-à-vis execution costs, lot sizes, the assets under management of a particular Client, etc. – this may be especially applicable to fills for new issues or secondary offerings where the fills received may be much smaller than the original order) or if the size of the *pro rata* allocation would be inefficient due to the costs required to participate in and structure the investment (e.g., an offshore fund needing to set up and maintain a "blocker" in order for the investment to be tax efficient); and
- Any other information determined to be relevant to the fair allocation of an investment opportunity in a particular instance.

Due to the differences in the applicability of Investment Factors to each Client, there may be differences in the invested positions and securities held between Clients within the same investment strategy. As noted earlier, MSD is not obligated to purchase or sell an investment instrument or provide an investment opportunity to a Client because MSD purchases or sells the same investment instrument for or provides an opportunity to another Client if, in its reasonable opinion, the transaction does not appear to be suitable, practical or desirable for the Client.

When managing multiple Clients within the same strategy and/or when collaborating with other portfolio managers on investment opportunities across strategies, once a decision to invest in a particular investment by more than one Client has been made, the Adviser will generally allocate the investment opportunity to participating and/or eligible Clients in *pro rata* amounts based on order size, assets under management or available cash or capital. In certain instances, *pro rata* allocations will not be feasible (e.g., limited available cash, ECI constraints) or *pro rata* allocations will not be in the best interest of one or more Clients (e.g., current (small) size of expected, available allocation). If a *pro rata* allocation is not used, an investment

opportunity may be allocated to the Client(s) of the portfolio manager(s) who was/were instrumental in developing, negotiating or underwriting the investment opportunity, in a manner to allow each participating Client to reach a target percentage position or in accordance with an investment strategy decision, among other considerations.

Furthermore, there are times when an account managed by MSD Capital seeks to make the same investment as a Client as a result of independent investigation by the investment teams managing the Clients and the MSD Capital Portfolios (as defined in Item 10) or when such teams work in conjunction with one another to pursue an opportunity that is too large for the Clients or the MSD Capital Portfolios to pursue on its own. Accordingly, one or more Client and one or more MSD Capital Portfolio may seek similar investment opportunities. When it is determined that it would be appropriate for one or more Client and one or more MSD Capital Portfolio to participate in the same investment opportunity, the investment again will be allocated on an equitable basis. However, in this context, “equitable basis” should be defined as a basis that would not prejudice the interest of the Clients in favor of the interests of the MSD Capital Portfolios. As a result, while all of the allocation factors outlined above are important to the analysis, some of the most important factors include the relative role each Client and MSD Capital Portfolios played in the origination and diligence of the investment or the negotiation and structuring of the investment opportunity. For example, if a Client is solely responsible for the research on a particular company and arrives at an investment decision without the input of any other investment group, then generally that Client should have priority in building and trading its position. However, if a Client’s investment team relies heavily on the expertise of an MSD Capital investment team in arriving at its investment decision, the most equitable basis to allocate that investment may well be *pro rata*. Because of the inherent potential for conflicts when MSD and MSD Capital are involved in the same investment, and the facts and circumstances analysis that is required to properly understand the origin and maintenance of an investment idea, such situations are not conducive to a bright line rule on allocation.

MSD’s Allocation Committee oversees the allocations process and holds the final decision on any allocation that requires a determination on certain facts and circumstances to ensure the goal of treating every Client fairly and equitably is observed.

Certain Clients are subject to regulatory limitations on their ability to invest in the same issuer as other Clients. MSD and its affiliates have received an order from the SEC that permits MSD’s business development company, MSD Investment Corp. (“MIC”), to co-invest in portfolio companies with certain other Clients. On February 16, 2022, MIC received an exemptive order from the SEC (the “Co-Investment Order”) (Company Act Release No. 34509) permitting MSD to engage in co-investment opportunities that involve the participation of both non-registered Clients and MIC, subject to certain terms and conditions. As a result, to the extent specific investment opportunities are appropriate for a Client and MIC, in addition to being subject to MSD’s allocation policy, the opportunity will also be subject to the conditions of the Co-Investment Order and other requirements, which could limit a Client’s ability to participate in a co-investment transaction. Reliance on the Co-Investment Order is subject to certain terms and conditions, including, among others, internal notification of investment opportunities, independent determination by MIC’s portfolio managers as to the appropriateness of each applicable investment, enhanced record keeping and, where applicable, approval of a “required majority” (as defined in Section 59(o) of the Investment Company Act of 1940 (“Company Act”)) of the independent directors of MIC. There can be no assurance that the Co-Investment Order will facilitate the successful consummation of investment

opportunities that MIC believes are available to Clients as a result of the Co-Investment Order. In addition, there is also no assurance a Client will be able to participate in all investment opportunities pursued under the Co-Investment Order that are within its investment objectives. As a result of the Co-Investment Order, there will be a need to allocate investment opportunities across a larger amount of available capital. As such, the allocations available to Clients for investment opportunities that are subject to the Co-Investment Order could be adversely affected. Investment opportunities that are subject to the Co-Investment Order are also subject to additional policies and procedures as a result of the participation of MIC, which could delay deal execution and adversely impact the ability of Clients to deploy capital.

One Client may hold, acquire, or dispose of positions in an investment in which another Client invests or has invested. Such investments and transactions may raise potential conflicts of interest for a Client, particularly if the Client invests in different classes or types of securities of the same investment. In that regard, actions taken by one Client may be adverse to another Client, including, but not limited to, during a restructuring, bankruptcy or other insolvency proceeding or similar matter.

Co-Investments

Co-investments can occur when an investment is shared between a Client and one or more third-party investors, including an investor in a Client, senior investment professionals and or employees of MSD (such persons invited to participate in a transaction by MSD collectively referred to as “Co-Investors”). MSD may allocate co-investment opportunities in its sole discretion and considers a range of factors, including (but not limited to) (i) the strategic value of a potential Co-Investor to the underlying investment opportunity, the applicable Client and future Clients; (ii) the transparency and predictability of the potential Co-Investor’s investment process; (iii) whether the potential Co-Investor has the financial, operational and other resources to evaluate and make the investment; (iv) historical co-investment experience with the potential Co-Investor; (v) tax and legal characteristics of a potential investment and Co-Investor; and (vi) a willingness of a potential Co-Investor to pay management fees and/or carried interest and to bear its portion of expenses related to the co-investment opportunity. Such investment opportunities can arise when the opportunity exceeds the amount appropriately allocated to one or more Client under the applicable investment strategies, otherwise falls outside of a Client’s investment mandate, exceeds a Client’s investment parameters (e.g., capacity for illiquid investments or diversification limits on geography, industry, asset-class or sector) or was sourced by an investment team employed by MSD Capital, among other things.

MSD has not provided contractual priority co-investment rights to its investors. MSD may in limited circumstances enter into certain agreements pursuant to which MSD has agreed to offer available co-investment opportunities to specific Co-Investors; however, MSD is under no obligation to provide co-investment opportunities and may offer an investment opportunity to one or more of the categories of Co-Investors without offering such opportunity to the other categories. In such circumstances, the size of the investment opportunity otherwise available to our Clients may be less than it would otherwise have been. Certain Co-Investors investing with a Client may invest on different (and more favorable) terms than those applicable to the Client and may have interests or requirements that conflict with and adversely impact the Client (for example, with respect to their liquidity requirements, available capital, the timing of acquisitions and disposals, or control rights).

With respect to consummated co-investments, MSD will seek to cause Co-Investors to generally bear their pro rata share of fees, costs and expenses related to the discovery, investigation, due diligence, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments; provided, however, that in determining such amounts, the fees, costs and expenses expended directly by such Co-Investors may be taken into account in allocating aggregate costs on a fair and reasonable basis. With respect to a proposed co-investment that is not consummated, MSD may seek to cause Co-Investors that commit to participate in such proposed co-investment to bear their share of any fees, costs or expenses that were incurred in connection with such proposed co-investment, including breakup fees or broken deal expenses. However, in instances where Co-Investors have not yet committed to a proposed co-investment, any such fees, costs or expenses may generally be considered Operating Expenses and be borne by the (committed or investing) Client to the extent the applicable Governing Documents of such Client permit such treatment or where disclosure of such treatment was made to its investors prior to their investment therein. In the event that Co-Investors participate in a co-investment through one or more co-investment vehicles, they may generally bear their pro rata share of the aggregate Organizational Expenses of all such vehicles. Finally, some of the Co-Investors with whom Clients may co-invest have pre-existing investments with MSD, and the terms of such pre-existing investments may differ from the terms upon which such persons may invest with Clients.

Over-Commitment

To facilitate the acquisition of an investment, MSD or its affiliates could cause one or more of Clients to make (or commit to make), an investment that exceeds the desired amount with a view to selling a portion of such investment to co-investors, Clients or other persons prior to or after the initial commitment or closing of the acquisition. The sale to co-investors, Clients or other persons will occur either at a previously agreed-upon price or, in the absence of a previously agreed-upon price, at the market value of the investment at the time of sale, and such market value may be fair value as determined by MSD. In such event, Client(s) bear the risk that any or all of the excess portion is not sold or sold on unattractive terms. As a consequence, the applicable Client(s) could bear the entire portion of any fees, costs and expenses related to such investment and hold a larger than expected investment or may realize lower than expected returns from such portion of such investment.

ITEM 7

TYPES OF CLIENTS

MSD generally provides investment advice to various pooled investment vehicles (or funds) and separately managed accounts, as described above.

MSD's underlying investors are comprised primarily of family offices, endowments, foundations, banks, private corporations, and high net worth individuals. Generally, these underlying investors are required to meet certain qualifications, such as being (a) an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), (b) a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act, or (c) a "knowledgeable employee" within the meaning of Rule 3c-5 of the Investment Company Act. Typically, a minimum investment amount is imposed on underlying investors investing in the investment vehicles for which MSD acts as investment adviser, but can be subject to a reduction by MSD.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The specific methods of analysis and investment strategies utilized by MSD's Credit, Private Capital, Real Estate and Growth Equity investment teams are described below. This should not be interpreted to limit in any way MSD's investment activities; some of the strategies set forth above incorporate sub-strategies in addition to the broad strategy described. Furthermore, MSD may pursue additional strategies in the future. Please also refer to the applicable Client's Governing Documents for additional information regarding the methods of analysis and investment strategies employed on behalf of each Client.

Methods of Analysis

MSD's investment teams conduct due diligence when evaluating investment opportunities. Depending on the type of investment, due diligence may include evaluating certain financial, tax, accounting, environmental and legal issues and include retaining outside consultants, legal advisors, accountants, and investment bankers in varying degrees. The investment teams rely on the following types of resources: information provided by the target and consultants, publicly available information, and any other information that the investment team deems relevant. The due diligence that the investment teams carry out with respect to any investment opportunity may not reveal or highlight all relevant facts necessary or helpful in evaluating such investment opportunity, and the evaluation will not necessarily result in the investment being successful. Moreover, the level of due diligence conducted with respect to each investment will vary and the investment teams may not assess properly the appropriate amount of diligence for each investment. Notwithstanding the diligence that is conducted in connection with any investment, there can be no assurance that the investment teams will identify or review all risks or that MSD will be able to prevent investment losses. In addition to longer term investment strategies, MSD also seeks to capitalize on short-term trading opportunities in certain circumstances, which do not always involve the extensive due diligence described above.

Investment Strategies and Related Risks

Credit

MSD's Credit team offers the following credit strategies across the liquid and illiquid spectrum.

1. Credit Opportunity

The Credit Opportunity strategy has a broad mandate and seeks to invest across the capital structure in distressed, stressed, special situation and event-driven value opportunities, and may include investments in companies undergoing bankruptcy, restructuring or reorganization and selecting securities senior in the capital structure and/or securities that may prove to be the fulcrum security in a restructuring process. The strategy also pursues investments in event-driven and non-distressed securities selling for less than their intrinsic value due to market illiquidity and/or a lack of access to capital in the financial markets. The flexible mandate allows the strategy to invest in (including selling short) all types of financial instruments across the capital structure, including, but not limited to, bank debt, bonds, trade claims, hybrid securities, other types of loans and equities, in addition to more infrequent use of credit default swaps and equity options. It may invest in real estate and complex and misunderstood

situations involving financial restructurings, litigation claims, run-offs and break-ups, in addition to more straightforward undervalued equities and stressed credits.

2. Private Credit Opportunity

The Private Credit Opportunity strategy seeks to invest primarily in loans, and structured debt and debt-like securities, in businesses operating both inside and outside the United States. It primarily invests in (i) private loans that are made to companies and (ii) complex and special situations, *e.g.*, in companies in asset classes and/or sectors that are out of favor and/or experiencing cyclicity/stress, or where in-depth due diligence and experience will help uncover attractive risk-adjusted returns. The Private Credit strategy has a flexible mandate that allows it to invest in all types of financial instruments across the capital structure, including, but not limited to, bank debt, bonds, trade claims, hybrid securities, other types of loans and equities, in addition to more infrequent use of credit default swaps and equity options. The strategy may invest in real estate, complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups. The strategy utilizes leverage, which includes the borrowing of funds from banks and other lenders, including MSD Capital, in order to carry out the business activities of the funds.

3. Real Estate Credit Opportunity

The Real Estate Credit Opportunity strategy seeks to invest in real estate loans, including unitranche loans, first lien/senior secured loans and second lien/mezzanine loans and preferred or structured equity. The number of investments, the target sizes, target returns and proportion of investments that are real estate loans or preferred or structured equity, can vary. The strategy expects to target investments in North America but may invest in other geographic locations as well. The strategy can acquire and own its investments, and incur leverage, through one or more subsidiary entities, some of which intend to qualify as a “real estate investment trust” for U.S. federal income tax purposes. The strategy utilizes leverage, which includes the borrowing of funds from banks and other lenders, including MSD Capital, in order to carry out the business activities of the funds.

4. Special Investments

The Special Investments strategy seeks invest in public and private markets up and down the capital structure to take advantage of market dislocations. The strategy has an opportunistic and flexible mandate that allows it to invest in all types of financial instruments across the capital structure, including a wide range of fixed income, equity and equity-linked investments. Investments may include, but are not limited to, unitranche loans, first lien/senior secured loans, second lien/mezzanine loans, secured notes, unsecured notes, private and public preferred and common equity securities, warrants, options, sale lease back paper and royalty interests. The strategy may invest in real estate, distressed situations, complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups and expects to invest in North America but may also invest in other geographic locations as well. The strategy utilizes leverage, which includes the borrowing of funds from banks and other lenders, including MSD Capital, in order to carry out the business activities of the funds.

5. Alpine Credit Opportunity

The Alpine Credit Opportunity strategy is an opportunistic credit strategy that invests on a long and short basis primarily in bank loans, high yield and investment grade bonds, and to a lesser extent convertibles and structured securities. The strategy also utilizes derivative instruments, including CDX, interest rate futures and swaps, options, and single name CDS. The strategy expects to invest in North America but may also invest in other geographic locations as well.

Private Capital

The Private Capital strategy seeks to invest primarily in control equity investments and minority structured equity or common equity positions when the risk and/or reward is compelling. The strategy generally targets an equity investment size of \$150 to \$600 million and focuses on investment opportunities in tech-enabled, consumer and professional services, and growth industrial (manufactured products and distribution) businesses.

Real Estate Equity

The Real Estate Equity strategy seeks to invest primarily in equity investments in real estate and real estate-related assets, including hospitality, commercial and residential.

Growth Equity

The Growth Equity strategy seeks to make minority equity investments in dynamic, growth-stage businesses in the following sectors – enterprise software, fintech, consumer internet and commerce, and healthcare information technology. The strategy targets investments in businesses with strong operating performance led by excellent management teams.

Risk of Loss

All investments made by MSD on behalf of Clients risk the loss of capital. Set forth below are certain material risk factors applicable to all Clients and/or their investors. These risk factors do not purport to be a complete list or explanation of the risks involved in each Client. The Governing Documents applicable to certain Clients include a more detailed summary of the material risks and the investment strategy for those Clients and should be read in conjunction with the risk factors identified below. As Clients' respective strategies develop and evolve over time, an investment in a particular Client may be subject to additional and different risk factors than those described herein.

No Assurance of Investment Returns. The Adviser cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of investments or assets that fall within such Clients' individual investment objectives. Clients could enter into agreements or consummate transactions that involve payments that result in substantial costs to the affected Client and the elimination of the possibility of a return, in particular if the transaction is not consummated.

Substantial Fees and Expenses. Clients typically pay Management Fees, Organizational Expenses and Operating Expenses as set forth in their Governing Documents and/or fee agreements, whether or not they make any profits, as well as performance-based compensation if they make profits. While it is difficult to predict the future fees and expenses of Clients, such

fees and expenses could be substantial. See Item 5 for additional information on fees and expenses.

General Market Conditions. The success of a Client's activities will be affected by general economic and market conditions, such as changes in interest rates, availability of credit, default rates, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of a Client's investments. Volatility and/or illiquidity could impair the Partnership's profitability or result in losses. A Client may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets. Material changes and fluctuations in the economic environment, particularly of the type experienced since 2008 that caused significant dislocations, illiquidity and volatility in the wider global economy, may affect a Client's ability to make investments and the value of investments held by the Client or the Client's ability to dispose of investments. The short-term and the longer-term impact of these events are uncertain, but they could continue to have a material effect on general economic conditions, consumer and business confidence and market liquidity. Any economic downturn resulting from a recurrence of such marketplace events and/or continued volatility in the financial markets could adversely affect the financial resources of issuers. Investments can be expected to be sensitive to the performance of the overall economy.

A deterioration of the global credit markets may make it more difficult for investment funds such as a Client to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, may dramatically reduce investor demand for high yield debt and senior bank debt, which in turn may lead some investment banks and other lenders to be unwilling to finance new credit investments or to only offer committed financing for these investments on unattractive terms. A Client's ability to generate attractive investment returns may be adversely affected to the extent the Partnership is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Partnership to realize its investments at favorable times or for favorable prices.

Effects of Health Crises and Other Catastrophic Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war, regional and global conflicts, or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Investment and Trading Risks Generally. All investments risk the loss of capital. The Client's investment program will involve, without limitation, risks associated with limited diversification, use of leverage, credit deterioration and default risks, systems risks and other risks inherent in the Client's activities. Certain investment techniques of the Client can, in certain circumstances, substantially increase the impact of adverse market movements to which the Client may be subject. In addition, the Client's investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Client invests its assets.

The Client's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Effects of Health Crises and Other Catastrophic Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war, regional and global conflicts, or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Material, Non-Public Information ("MNPI"). By reason of their responsibilities in connection with investments for and on behalf of Clients, investment professionals may acquire confidential or MNPI concerning specific borrowers, issuers and/or property, or may otherwise be restricted from initiating transactions in certain securities. In such instances, those investment professionals and the investment manager will not be free to act upon any such information. Due to these restrictions, the investment professionals and investment manager may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Alternatively, the investment manager may decline to receive MNPI in order to avoid trading restrictions, even though access to such information might have been advantageous and other market participants are in possession of such information.

In addition, in circumstances when an investment professional receives, in connection with a potential investment, MNPI concerning specific issuers, such investment professional's flexibility to buy or sell securities issued by such borrowers or issuers or otherwise use such information may similarly be limited or restricted under applicable securities laws.

Systems and Operational Risk. MSD's employees and third-party service providers, which include prime brokers, administrators, market counterparties and others rely on certain financial, accounting, data processing and other operational systems and services. Many of these systems and services require manual input and are susceptible to error. These programs

or systems may be subject to certain defects, failures or interruptions. For example, the MSD and its Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by MSD and third-party service providers to safeguard information in these systems, there are potential risks associated with cybersecurity breaches which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

Litigation. MSD participates in restructuring activities where Clients invest in distressed securities. It is possible that certain Clients will become involved in litigation with respect to creditor disputes and similar issues among classes of claimants. Litigation entails expenses and the possibility of counterclaims against such Clients including their general partners and MSD, and ultimately, judgments could be rendered against a Client for which such Client does not carry insurance.

Regulatory Risks. Recent legal and regulatory changes could adversely impact Clients. The regulation of U.S. and non-U.S. securities, futures markets and investment funds has undergone substantial changes in recent years and such changes could continue. The effect of such new regulations on Clients could be substantial and adverse and could subject Clients to increased capital requirements, fees, expenses and limits on the types of investors they could solicit. Laws and regulations can change quickly and unpredictably in a manner adverse to the Clients' interests. As a result, Clients and/or MSD could be subject to unduly burdensome and restrictive regulations. The financial services industry and the activities of private funds and their managers in particular, have been subject to increasing regulatory scrutiny. This could increase the exposure of Clients to potential liabilities and additional legal, compliance and other related costs that, as a result, adversely affect the ability of Clients to achieve their investment objectives.

Use of Subscription Line Facilities. Certain Clients obtain subscription line facilities to facilitate investments (including on a temporary or permanent basis), support ongoing operations and activities of Clients and their respective portfolio investments, enable Clients to pay Management Fees or expenses and liabilities and for any other purpose for which Clients can call capital from their respective investors. If a Client obtains a subscription line facility, it is expected that the Client's capital needs (including both interim and potentially permanent capital needs) will in most instances be satisfied through borrowings by the Client under the subscription line facility and, less so, by drawdowns of capital contributions by the Client. As a result, capital calls are expected to be conducted in larger amounts on a less frequent basis in order to, among other things, repay borrowings and related interest expenses due under such subscription line facilities. Where a Client uses borrowings under a subscription line facility in advance or in lieu of receiving capital contributions from investors to repay any such borrowings and related interest expenses, the use of such facility will result in a higher or lower reported internal rate of return than if the facility had not been utilized and instead capital contributions from investors had been contributed at the inception of an investment. This will present conflicts of interest. This will provide the general partner with an economic incentive to fund investments through such facilities in lieu of capital contributions. In addition to subscription line facilities, Clients will engage in other types of borrowings that, as is the case with respect to subscription line facilities, can result in a higher or lower reported internal rate

of return than if the borrowing were not put in place. These types of borrowings present conflicts of interest, as the general partner seeks to return distributions to investors in Clients, pay itself carried interest and generate higher returns.

Leverage. Certain Clients borrow and utilize various other forms of leverage and operate with a significant leverage ratio. Although leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the total return of the leveraging Client will decrease. Accordingly, any event which adversely affects the value of a portfolio investment would be magnified to the extent a Client is leveraged. The cumulative effect of the use of leverage by Clients in a market that moves adversely to such Clients' investments or in the event portfolio investments experience credit quality deterioration could result in a substantial loss to Clients that could be substantially greater than if such Clients were not leveraged. In addition, contractual demands by lenders to a Client to reduce its leverage could force such Client to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a Client, such claim would be senior to the rights of an investor in the Client. As a result, if a Client's losses were to exceed the amount of capital invested, an investor could lose its entire investment. The debt financing utilized by Clients to leverage investments could also be collateralized by any assets of the Client (and could be cross-collateralized with the assets of any parallel fund or alternative investment vehicle of the applicable Client or any portfolio investment, and such entities could be held jointly and severally liable for the full amount of the obligations arising out of such debt financing).

Board Participation. MSD partners, principals and employees will serve as directors of some portfolio investments of Clients and, as such, would have duties to persons other than the investing Client. Although holding board positions could be important to the investing Client's investment strategy and could enhance the ability of the Client, its general partner and MSD to manage investments, director seats could also have the effect of impairing the general partner's ability to sell the related securities and other financial instruments when, and upon the terms, it could otherwise desire, and could subject the general partner, MSD, and investing Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Client will indemnify its general partner and MSD from such claims.

Interest Rate Risk. Changes in interest rates can affect the value of a Client's investments in fixed income instruments. Increases in interest rates could cause the value of a Client's investments to decline. Certain Clients could experience increased interest rate risk to the extent they invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Counterparty Risk. A number of the markets in which a Client or any of its portfolio investments could affect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a Client or such portfolio investment to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Client or such portfolio investment to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer

maturities where events could intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. A Client is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of a Client to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement could increase the potential for losses by a Client.

Non-U.S. Currency Risks. Certain Clients make investments that are denominated in non-U.S. currency and, therefore, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies, including generally the currency in which the books of the Client are kept and currencies in which contributions and distributions generally will be made. Among the factors that could affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Client will incur costs in converting investment proceeds from one currency to another. MSD could, but is under no obligation to, employ hedging techniques to minimize these risks, although there can be no assurance that such strategies will be effective. Investments in any country in which U.S. dollars are not the local currency could be affected by such changes in the value of foreign exchange between the U.S. dollar and such currency. Such changes could have an adverse effect on the value, price or income of the investment to such investors. There could also be foreign exchange regulations applicable to investments in non-U.S. currencies in certain jurisdictions.

Changes in Investment Focus. It is possible that Clients are not restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment. While a Client's Governing Documents generally contain a description of the types of investments that other Clients have historically made and/or information about MSD's expectations with respect to such Client, many factors could contribute to changes in emphasis in the construction of such Client'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 Client will resemble the portfolio of any other Client.

Lack of Liquidity of Investments. Clients' portfolio investments generally consist primarily of debt investments, including, but not limited to, bonds, senior secured loans, unsecured loans, second lien loans, debtor-in-possession financings, delayed drawdown loans and revolving bank loans. Loans are not generally traded on organized exchange markets but rather would typically be traded by banks and other institutional investors engaged in loan syndications. Certain Client portfolios could include other asset classes, such as alternative investments, mortgage loans and real property. The liquidity of certain portfolio investments will depend on the liquidity of the applicable market. Trading in certain investments is subject to delays as transfers could require extensive and customized documentation, the payment of significant fees, the consent of the agent bank or underlying obligor or other party and cause significant expenses to be incurred. In addition, certain investments could be subject to legal or contractual restrictions or requirements that limit the Client's ability to transfer them or sell them for cash. The resulting illiquidity of these investments could make it difficult for a Client to sell such investments if the need arises. If a Client needs to sell all or a portion of its portfolio over a short period of time, it could realize significantly less value than the value at which it had previously recorded those investments. There can be no assurance that Clients 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 instruments described herein. As noted above, there is a possibility of partial or total loss of capital as a result of such constraints.

Possible Lack of Diversification. Certain Clients concentrate their portfolio investments by investing all of their assets in one or only a few issuers, industries or countries. By investing in a limited number of portfolio investments, the aggregate returns realized by a Client could be substantially affected by the unfavorable performance of a small number of such portfolio investments.

Investments in Public Companies. Clients could invest in the equity or debt of public companies or take private portfolio companies public. Investments in public companies could subject Clients to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the investing Client to dispose of such securities at certain times (including due to the possession by such Client of material non-public information), increased likelihood of shareholder litigation against such companies' board members, which could include MSD investment personnel, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

Investments in Distressed Securities. A portion of the Client's investments could also be obligations or securities that are unrated or rated below investment grade by recognized rating services such as Moody's and Standard & Poor's. Securities rated below investment grade and unrated securities generally offer a higher current yield than that available from higher grade issues but typically involve greater risk. Securities rated below investment grade and unrated securities are typically subject to adverse changes in general economic conditions, changes in the financial condition of their issuers and price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of securities rated below investment grade and unrated securities could experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, could also decrease the values and liquidity of securities rated below investment grade and unrated securities, especially in a market characterized by a low volume of trading. In addition, the secondary market for high-yield securities, which is concentrated in relatively few market makers, could not be as liquid as the secondary market for more highly rated securities. As a result, the Client could find it more difficult to sell these securities or could only be able to sell the securities at prices lower than if such securities were widely traded.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism, war, regional and global conflicts and related geo-political events risks have led, and may in the future lead, to

increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; economic sanctions; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. One or more of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market. Non-U.S. securities may become subject to economic sanctions or other restrictions imposed by U.S. or foreign regulators, which could adversely affect the value or liquidity of those securities.

LIBOR Risks. Securities or loans held by an account may pay interest based on LIBOR (or a local market variant thereof). As a result, a significant change in LIBOR could negatively impact the expected return on the account's portfolio. Such impacts may be material. While the account may pay different prices for loans with LIBOR interest rates (excluding those with LIBOR floors), there can be no guarantee that such prices will offset changes in either current income or loan secondary market prices.

LIBOR has been discontinued for many currencies and the remaining USD LIBOR settings will cease publication immediately after June 30, 2023. Although the impact is uncertain at this time, if LIBOR is discontinued as a benchmark rate, it may cause one or more of the following to occur, among other impacts: (i) there may be an increase in the volatility of LIBOR prior to the consummation of any such change; (ii) fewer investments may be made using interest payment benchmarks based on LIBOR and more investments may be made using interest payment benchmarks other than LIBOR or bearing interest at a fixed rate, resulting in differential investment returns to the account; (iii) there may be an increase in pricing volatility with respect to the account's investments and/or a reduction in the value of the account's investments; (iv) there may be a reduction in the account's ability to effectively hedge interest rate risks; and (v) the account may incur losses from hedging disruptions due to transition basis risk, the cessation of LIBOR or an inability of the account and its counterparties to effectively value their existing trades due to a lack of dealers providing LIBOR-based quotations in the derivatives markets. There is no certainty as to what rate or rates may become market-accepted alternatives to LIBOR or how those alternatives may impact the account or its investment returns. There may not be any alternative benchmark that reflects the composition and characteristics of LIBOR, and there may be dramatic shifts in debt investments and the debt markets generally. Any of the foregoing could materially adversely impact results for the account.

Digital Assets. In connection with a Client's mandate, MSD may cause a Client to invest in cryptocurrencies, cryptofinance coins, tokens and digital assets and instruments that are based on blockchain, distributed ledger or similar technologies. Digital Assets, and the use of Digital Assets to buy and sell goods and services, are relatively new and are a rapidly evolving concept. Digital Assets are based on computer-generated mathematical and/or cryptographic protocol and are generally transferred over decentralized networks, where each transaction is recorded in a blockchain. A blockchain is a digital ledger that records transactions on multiple

computers, which collectively constitute that Digital Asset's network. As a result, there may not be a qualified third-party custodian available to custody Digital Assets. The success of Digital Assets is subject to a high degree of uncertainty and may be significantly affected by many factors, including, but not limited to, (i) worldwide growth and adoption (or lack thereof), including the acceptability of Digital Assets as a method of payment or indication of value, (ii) governmental and industry regulation, (iii) technological developments, (iv) general economic conditions and (v) the potential negative perception of Digital Assets generally, including the use of Digital Assets to buy illicit goods and services or its use in cybercrime. Digital Assets are extremely volatile relative to traditional asset classes and are more likely to have large increases and decreases in price. Investments in digital assets such as cryptocurrencies are subject to many specialized risks and considerations, including risks relating to (i) technology, (ii) security, (iii) regulation, (iv) user/market acceptance, (v) volatility and (vi) timing. While cryptocurrencies and their networks have been and are experiencing rapid technological development, such development may not continue at its current rapid pace. There can be no assurance that all material vulnerabilities in the technology associated with a particular cryptocurrency and its associated networks will be identified and addressed prior to a Client's investment in such cryptocurrency. While cryptocurrency generally is not currently regulated as a currency, security or similar asset/instrument in the United States, it has attracted the attention of U.S. regulatory agencies, and future regulation is likely. To the extent that new regulations are imposed, or regulatory authorities find ways to apply existing regulations to cryptocurrency in unanticipated ways, the Client's investments may be materially adversely affected.

Hedging Policies/Risks. In connection with certain investments, Clients and/or their portfolio investments could employ hedging strategies (whether by means of derivatives or otherwise and whether in support of financing techniques or otherwise) that are designed to reduce the risks to Clients and/or their portfolio investments of fluctuations in interest rates, securities, commodities and other asset prices and currency exchange rates, as well as other identifiable risks. While the transactions implementing such hedging strategies could reduce certain risks, such transactions themselves could entail certain other risks such as the risk that counterparties to such transactions could default on their obligations and the risk that the prices and/or cash flows being hedged behave differently than expected. Thus, while Clients and/or their portfolio investments could benefit from the use of these hedging strategies, unanticipated changes in interest rates, securities, commodities and other asset prices or currency exchange rates or other events related to hedging activities could result in a poorer overall performance for Clients and/or their portfolio investments than if they or their portfolio investments had not implemented such hedging strategies.

Investments in SPACs. Affiliates of the Adviser may sponsor certain Special Purpose Acquisition Companies ("SPACs"), including MSD Acquisition Corp., and certain affiliates and/or their respective principals, officers or employees (each an "Affiliated Party") have an interest in such SPACs. No MSD Client (with the exception of a Fund established for the benefit of MSD employees) invests directly in these affiliate sponsored SPACs. However, these situations create a number of conflicts of interest, including that:

- If an Affiliated Party is an officer or director of a SPAC, it will owe certain duties, e.g., time, attention and deal referral obligations, to the SPAC, and those duties may conflict with its duties to the Adviser and its Clients from time to time.

- SPAC sponsor investments and investments in private placement units/warrants and founders shares will only be profitable if the SPAC completes its initial business combination; otherwise, they will be worthless. The applicable Affiliated Parties will have incentives to allocate their time and attention to their personal duties to the SPAC at the expense of the Adviser and its Clients.
- The applicable SPAC's pursuit of business combination targets may limit the investment universe for the Adviser's Clients.
- If an Affiliated Party has an interest in a SPAC sponsor or is an officer or director of a SPAC, it will likely acquire material, non-public information about the SPAC and its business combination targets, or it may sign standstill or letters of intent with targets, from time to time, which will prevent the Adviser from trading the securities of targets, if any, during such times. This could materially and adversely affect the Adviser's Clients if the Adviser could not buy/sell such Clients' investments at the time when the Adviser would otherwise take such action due to such restrictions.

MSD will seek to resolve conflicts in a manner that MSD determines in its discretion to be fair and equitable.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

MSD and its management persons are not registered as broker-dealers and do not have an application pending to register, as a broker dealer or a registered representative of a broker dealer.

Similarly, MSD and its management persons are not registered as a commodity pool operator or commodity trading advisor and do not have an application pending to register as a commodity pool operator or commodity trading advisor. While Clients may trade commodity futures and/or commodity options contracts, each Clients' respective General Partner or MSD has claimed an exemption from registration from the U.S. Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") pursuant to CFTC rule 4.13(a)(3). MSD has also availed itself of an exemption from registration with the CFTC as a commodity trading advisor.

MSD Real Estate Partners, L.P. and MSD Real Estate Management, LLC

MSD Real Estate Partners, L.P. ("MSD Real Estate") is a partnership formed by certain partners of MSD's real estate equity team and is primarily engaged in acquiring, owning and operating real estate equity investments. MSD Real Estate conducts its investment advisory activity through its wholly owned subsidiary, MSD Real Estate Management, LLC ("MSD Real Estate Management"), which serves as investment manager to certain real estate Clients. MSD Real Estate Management is a relying adviser, relying upon MSD's investment adviser registration with the SEC and therefore deemed to be registered as an investment adviser pursuant to the Advisers Act.

MSD Capital, L.P.

MSD shares certain personnel with MSD Capital, a family office as defined under rule 202(a)(11)(G)-1 of the Investment Advisers Act of 1940, as amended.

With respect to those personnel who either provide services both to MSD and MSD Capital or to multiple Clients, such personnel will have a conflict in allocating their time and services to and among the Clients. MSD personnel will devote as much time to each of its Clients as the Adviser deems appropriate to perform the duties set forth in its various investment management agreements. Moreover, the Adviser may and will on occasion utilize third-parties that are affiliated with Dell Technologies, Inc. for technology needs (e.g., computer hardware and software) and information technology security services, or third parties that are or employ friends or family members of the Adviser or MSD Capital personnel, including individuals who have personal relationships with those who perform tax, accounting, legal or other professional services on behalf of both the Adviser and the Clients and may benefit, directly or indirectly, from such business relationships. Clients will also have subscription lines with third parties, including affiliates of MSD Capital, to pay fund expenses or bridge the gap in time between a borrower's draw request under a revolving credit facility and the time that a fund can call capital from investors. A Client's subscription line with MSD Capital would be expected to be equal to or less than the interest rate that would be generally obtainable on an arm's-length basis from unrelated third parties. In each such case, the Adviser will seek to engage such third-parties on their merit and not based on any relationship that personnel have with any such service provider.

MSD Capital pursues several different investment strategies, each of which are managed by separate investment teams (each such strategy is referred to herein as a “MSD Capital Portfolio”). The Adviser’s investment teams, on the one hand, and MSD Capital, on the other hand, operate separately from one another and make investment decisions independently from one another. However, the investment professionals of the Adviser and MSD Capital have regular formal and informal communications. There are times when Portfolios managed by MSD Capital and Portfolios managed by the Adviser seek to make the same investment, including as a result of independent investigation by the various investment teams managing the Portfolios or when two or more teams work in conjunction with one another to pursue an opportunity, including (without limitation) when an investment opportunity is deemed to be too large for one Portfolio to pursue on its own.

In certain circumstances, regulatory or policy restrictions imposed on significant investors in the Clients cause a Client to be prohibited from participating in an investment (or, in some circumstances required to make a certain investment, or not make, as the case may be) that the Adviser would otherwise seek to make on behalf of a given Client, including (without limitation) participating in new issue offerings.

Certain Conflicts of Interest in Providing Services to Clients

Multiple Clients

Certain inherent conflicts of interest arise from the fact that MSD provides investment management services to more than one Client that could have overlapping or even conflicting investment objectives or strategies. These activities could adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. For example, MSD could recommend investments to or purchase securities for the account of one Client that could differ from investments recommended or bought for other Clients, even though the investment objectives of the Clients involved could be similar or even identical. Moreover, MSD’s Clients (or MSD personnel) could make investments or engage in other activities that express inconsistent views with respect to an entity in which they have invested, a particular security or relevant market conditions. For example, MSD may purchase a particular security for one Client and sell it short for another Client. Finally, MSD expects to make other business decisions on behalf of certain Clients relating to investments independently of the manner in which it approaches a similar or even the same investment of other Clients. By way of example, MSD may choose not to hedge certain risks it hedges on behalf of other Clients.

In some instances, however, as noted earlier, MSD could (and often does) choose to coordinate its activities with respect to investments held by more than one Client. Such coordination could have the effect of either raising or lowering the returns with respect to an investment relative to what might have been achieved absent such coordination. MSD is not obligated to engage in such coordination and, in fact, may elect not to do so in any particular circumstance in its sole discretion.

It is MSD’s policy to allocate investment opportunities among all Clients fairly, to the extent practical and in accordance with each Client’s applicable investment strategies, over a period of time. MSD will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Client solely because MSD purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity

to any other Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical, efficient or desirable for a particular Client or the investment opportunity is otherwise limited in nature.

Certain employees provide services to certain MSD investments that are not Clients, such as SPACs. By way of example, MSD employees that are involved in providing portfolio management services to certain Clients have direct incentive compensation arrangements with other Clients or MSD investments that pay incentive or other compensation to their general partners or persons involved with or responsible for their respective investments. Such MSD employees are incentivized to: (i) dedicate additional time and resources to other Clients or such other MSD investments with which such persons have a direct incentive compensation arrangement; and (ii) allocate attractive investment opportunities to such Clients or such other MSD investments instead of certain Clients, each of which could have a detrimental effect on the performance of such Clients. MSD addresses these conflicts of interest by providing in MSD's Code (as defined in Item 11) that all employees have a duty to act in the best interests of each Client, providing training with respect to conflicts of interest and how such conflicts are resolved under the Code, and through the implementation of the investment allocation procedures described above in Item 6.

Affiliated Service Providers

Certain existing real estate portfolio investments held by Clients will receive property management services and support from a team of real estate professionals employed by MSD ("Affiliated Service Providers"). Such Affiliated Services Providers will receive fees in respect of property management services provided to these real estate portfolio investments, which will be paid by the real estate assets and therefore indirectly by Clients. While MSD believes that any such Affiliated Services Providers, when engaged, provide services at rates generally consistent with those available in the market for similar services or otherwise at rates which will not exceed market rates as determined by MSD to be appropriate under the circumstances, there is an inherent conflict of interest that incentivizes MSD to engage MSD affiliated services providers over third parties.

Selection of Service Providers

MSD or one or more of its affiliates could select service providers for Clients and their respective existing and potential portfolio investments, in each case, for the purpose of provision of services. MSD will determine the compensation of such providers without review by or consent of the investors or an independent party. The Client, regardless of the relationship of the person performing the services to the portfolio investment, will indirectly bear the fees, costs and expenses related to such services. This could create an incentive for MSD or an applicable affiliate to select an affiliated services provider or to select service providers based on the potential benefit to MSD or its affiliate, rather than to Clients or their existing or potential portfolio investments.

Capital Structure Investments

MSD Clients invest in different parts of the capital structure of the same company. For example, a Client may invest in debt securities issued by a company in which another Client has an equity interest. In such a situation, the interests of the two Clients will not always be aligned, which gives rise to actual or potential conflicts of interest, or the appearance of a

conflict of interest. Actions taken for the benefit of one Client may be adverse to the other Client. For example, a Client could have an interest in a company pursuing an acquisition that would increase indebtedness but, in MSD's view, would ultimately enhance the value of the Client's investment; however, such a view would subject debt investments made by another Client to additional or increased risk.

Diverse Membership

Investors in Clients include taxable and tax-exempt entities and persons domiciled or organized in various jurisdictions and subject to different tax and regulatory regimes. When investors and Clients co-invest alongside each other, they could have conflicting investment, tax and other interests, relating to, among other things, the nature of investments made by the Client, the structuring or the acquisition of investments and the nature and timing of disposition of investments. As a result, conflicts of interest could arise in connection with decisions made by the MSD, including as to the nature and structure of investments, that could be more beneficial for one type of investor than for another type of investor. The results of a Client's activities could affect individual investors differently, depending upon their individual financial and tax situations. In addition, Clients could make investments that could have a negative impact on related investments made by investors in separate transactions. Furthermore, under the new U.S. partnership audit regime, decisions made by MSD (or other partnership representative) in connection with tax audits (including whether or not to make an election under those rules) could be more beneficial to one type of investor than another type of investor. Also, if a Client were required to qualify as a venture capital operating company or a real estate operating company for purposes of the Employee Retirement Income Security Act of 1974, as amended, this could restrict, at any given time, the level of investment which the Client would be able to make in entities that do not qualify as operating companies and/or pursuant to which the Client was unable to attain management rights. In selecting, structuring and managing investments appropriate for Clients, MSD considers the investment and tax objectives of the Client or Clients as a whole, not the investment, tax or other objectives of any investor individually. However, there can be no assurance that a result will not be more advantageous to some Clients or investors than to others.

Directors of Portfolio Companies

Additional conflicts of interest arise because certain MSD employees serve as directors of, or acquire observer rights with respect to, certain companies in which Clients invest. In the event such person: (i) obtains material non-public information in such capacity with respect to any such company; or (ii) is subject to trading restrictions pursuant to the internal policies of such company, the MSD could be prohibited from engaging in transactions with respect to the securities or instruments of such company. Such a prohibition could have an adverse effect on Clients. In addition to any fiduciary duties that MSD employees owe to Clients, as directors of portfolio companies, these MSD employees could owe fiduciary duties to shareholders of the portfolio companies, which could be other Clients, and to persons other than Clients.

In general, such director or similar positions are often important to Clients' investment strategies and could have the effect of enhancing MSD's ability to manage investments. However, such positions could have the effect of impairing the ability of MSD to sell the related securities when, and upon the terms, they could otherwise desire. In addition, because of the potential conflicting fiduciary duties that MSD employees owe to a portfolio investment, on one hand, and that MSD owes to the Clients, on the other hand, such positions could place

MSD employees in a position where they must make a decision that is either not in the best interests of Clients or not in the best interests of the shareholders of the portfolio investment. Should an MSD employee make a decision that is not in the best interests of the shareholders of a portfolio investment, such decision could subject MSD and certain Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify MSD and its employees from such claims. In addition, MSD employees could make decisions for a portfolio investment that negatively impact returns received by a Client investing in the portfolio investment or in other investments or, conversely, MSD could make a decision that negatively impacts a portfolio investment and the returns for other Clients that could be invested in the portfolio investment. In addition, because of conflicting fiduciary duties, MSD could be restricted in choosing investments for Clients, which could negatively impact returns received by the Client.

Insurance Coverage

MSD's Clients are covered under MSD's professional liability insurance policy and do not separately maintain professional liability insurance. To the extent a claim arises relating to any of the insureds during a policy period that erodes some or all limits under MSD's policy, there will be less coverage, or potentially no coverage, available for all insureds under the policy for the remainder of the policy period.

Participations; Assignments

From time to time, certain Clients could offer other Clients participations in and/or assignments or sales of loans and securities that the Client has originated or purchased. In the event of such an offer to other Clients, in certain circumstances (such as in a "season and sell" structure) the price of the participation, assignment or sale will not be set by the MSD but rather will be established based on third-party valuations. In determining the target amount to allocate to a particular investment opportunity, the Client will take into consideration the fact that it anticipates selling, assigning or offering participations in such investment to third parties and to other Clients as described above. If the Client is not successful in offering such participations, assignments or sales, the Client will be forced to hold the portion that it intended to transfer or syndicate, until such time as it can be disposed. This could result in the Client being "overweighted" with respect to a particular borrower, issuer or company.

Other Agreements

The general partner, on its own behalf or on behalf of a Client, could enter into a side letter or similar written agreement with a limited partner without the approval of any other limited partner, that has the effect of establishing rights under, or altering or supplementing the terms of or confirming the interpretation of, the applicable Governing Documents in order to meet certain requirements or requests of such investor. Such other agreements will generally be based on such factors as the size of a limited partner's investment, a limited partner's existing relationships with MSD or any particular regulatory or legal considerations applicable to a limited partner, but the general partner could enter into such other agreements for any reason it deems necessary. As a result, returns could vary from limited partner to limited partner depending on any arrangements applicable to a given limited partner's investment in the Client. The general partner will not be obligated to offer or disclose such terms to any other limited partner.

Shared Resources

In certain circumstances, a portfolio company could be in the business of providing goods or services that are, or could be utilized by another portfolio investment, portfolio company or property, including a portfolio investment owned by a different Client or affiliate of MSD. The provision of such services by certain existing and potential portfolio companies could incentivize MSD to facilitate arrangements with portfolio companies of other Clients in order to create business opportunities for the portfolio company providing such services. As a result of this conflict, services provided by a portfolio company to another portfolio investment could be on terms less favorable than they would be if they resulted from a negotiation of a third-party.

ESG Considerations

Each Client's investment team endeavors take into account environmental, social and governance ("ESG") considerations in acquiring, managing or disposing of Client's investments. The application of that approach could involve higher ESG compliance expenses or costs or the forgoing of certain opportunities. There are no universally accepted ESG standards. MSD and the respective Client's investment team will apply (or not apply) ESG standards and considerations in their sole discretion. Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to MSD's ESG policies could impose additional costs or expose MSD or the Client to additional risks. Companies across all industries are facing increasing scrutiny relating to their ESG policies. Investor advocacy groups, certain lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters could hinder access to capital, as lenders could decide to reallocate capital or to not commit capital as a result of their assessment of ESG practices. These limitations in both the debt and equity capital markets could affect the Client's ability to grow as its plans for growth could include accessing the equity and debt capital markets. If those markets are unavailable, or if the Client is unable to access alternative means of financing on acceptable terms, or at all, the Client could be unable to implement its business strategy, which would have a material adverse effect on its financial condition and returns and impair the Client's ability to service its indebtedness. Further, the Client will incur additional, material costs and require additional resources to monitor, report and comply with wide ranging ESG requirements. The occurrence of any of the foregoing could have a material adverse effect on the Client's business and overall returns.

ITEM 11

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

Code of Ethics

MSD endeavors at all times to comply with federal and state securities laws applicable to its business and demands that its employees conduct their business in the highest ethical and professional manner. MSD has adopted a written Code of Business Conduct and Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act that governs a number of potential conflicts of interest and sets forth the standards of business and fiduciary conduct. The Code requires, among other things, that employees (i) place the interests of its Clients and investors first, (ii) avoid taking inappropriate advantage of their positions within MSD, and (iii) conduct personal securities and other investment transactions in full compliance with the Code.

The Code applies to all employees (which includes certain advisors, temporary employees and other individuals deemed covered for purposes of the Code). The Code is distributed to each MSD employee at the time of hire and annually thereafter; employees are required to certify that they are in compliance with the Code in each instance. Clients or investors may review a copy of the Code by contacting MSD at the address or telephone number listed on the first page of this document.

In certain limited instances, MSD’s Chief Compliance Officer or designee will grant exceptions to the policies and procedures contained in the Code when he/she believes, based on the particular facts and circumstances, that doing so would not harm Clients or interfere with its fiduciary duties.

Personal Trading

Under the Code, all employees are subject to certain personal trading policies and procedures and disclosure and reporting obligations of personal securities transactions in their “Covered Accounts” (as defined in the Code). Among other things, the Code generally prohibits employees from purchasing or selling any security held by a Client at any time that MSD is trading in the subject security on behalf of such Client. The Code also requires employees to obtain preclearance before placing a personal securities transaction in security types subject to pre-clearance (i.e., equities and listed options) and subjects such transactions to a minimum holding period. All employees periodically provide an attestation regarding their Covered Accounts and, to the extent applicable, any other transactions that they execute outside of such accounts.

Gifts and Entertainment

MSD has also adopted policies and procedures intended to prevent employees from being unduly influenced in their decisions by the receipt of gifts or other inducements from third parties, such as brokers, trading counterparties or vendors. Employees are required to seek approval to keep certain business gifts, and are required to seek pre-approval to give certain types of business gifts. In addition, MSD’s policies set forth standards for giving or receiving business entertainment to or from certain third-parties, using social media for business purposes and interacting with the government, among other things.

Participation or Interest in Client Transactions

MSD, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for certain Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. Potential conflicts also could arise due to the fact that the MSD and its personnel could have investments in some Clients, but not in others, or could have different levels of investments in the various Clients.

MSD has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and periodic monitoring of employee trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

In addition, MSD personnel may have a direct or indirect pecuniary interest in a Client as a result of (i) direct investments in that Client or (ii) ownership interests in MSD affiliates that are entitled to receive Management Fees and/or Incentive Allocation from a Client.

Cross Trades and Principal Transactions

MSD directs, from time to time, and subject to applicable Client investment guidelines and restrictions, one Client to sell an investment to another Client through a “Cross Trade” for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients, or to reduce transaction costs that may arise in an open market transaction. Cross Trades give rise to potential conflicts of interests between Clients and between Clients and MSD. For example, one Client could be advantaged to the detriment of another Client in the event that the investments being exchanged are not priced in a manner that reflects their fair value. In addition, MSD could use its investment authority to transfer unappealing investments from one Client to another Client. If MSD decides to engage in a Cross Trade, it will determine that the trade is in the best interests of each Client involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

To the extent that Cross Trades are viewed as principal transactions due to the ownership interest in a Client by MSD or its personnel, MSD will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by MSD (or its affiliate), and any valuation approved by such a committee will be determined by an independent third-party that has appropriate experience in providing such valuations.

ITEM 12

BROKERAGE PRACTICES

Execution Quality

The Adviser has full discretionary authority to manage its Clients, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the counterparties used to execute such transactions, and commissions or markups and markdowns paid. The Adviser's authority is limited by its own internal policies and procedures, each Client's investment guidelines and the duty to seek best execution for its Clients.

The determinative factor is not always the lowest possible per security price or commission, but whether the transaction represents the best qualitative and quantitative execution for the Client. The Adviser considers the following factors in selecting brokers for portfolio transactions:

- (i) the comfort level with the counterparty, which includes, but is not limited to the counterparty's market familiarity/expertise, reliability/responsiveness, integrity/confidentiality, quality of executions, research capability, financial reasonability and condition
- (ii) transaction specific factors, which includes, but is not limited to, best price, commission/costs of a trade, market access/ability, financing terms, trade settlement, ability to handle high volume transactions, and willingness to commit capital.

The Adviser is not required to weigh any of these factors equally.

The commission rates (or dealer markups and markdowns) charged to the Clients by counterparties in the foregoing circumstances may be higher than those charged by other counterparties who may not offer such services. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Adviser nor the Clients separately compensate any broker or dealer for any of the other services that they provide to the Adviser or the Clients, although it may choose to do so in any given circumstance for relationship or regulatory reasons, among other things.

In addition, in the ordinary course of business, the Adviser may and will utilize broker-dealers, or enter into joint ventures or other counterparty relationships with entities, that employ friends or family members of the Adviser, including individuals who have personal relationships with those who make investment or execution decisions on behalf of the Adviser's Clients and may benefit, directly or indirectly, from such brokerage business or other business relationships.

Soft Dollar Arrangements

The Adviser may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Adviser will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the

Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Adviser believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with “soft dollars” generated by one or more Clients may be used by the Adviser to service one or more other Clients, including Clients that may not have paid for the soft dollar benefits. The Adviser allocates soft dollar benefits to Client accounts in proportion to the soft dollar credits the Client accounts generate. Where a product or service obtained with soft dollars provides both research and/or brokerage, on the one hand, and non-research/non-brokerage assistance to the Adviser, on the other hand (*i.e.*, a “mixed use” item), the Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Adviser’s allocation of the costs of such benefits and services between those that primarily benefit the Adviser and those that primarily benefit the Clients.

When the Adviser uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Adviser receives a benefit because it does not have to produce or pay for such products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on the Adviser’s interest in receiving research or other products or services, rather than on its Clients’ interest in receiving most favorable execution.

Within the last fiscal year of the Adviser, the Adviser or its related persons acquired the following types of products and services with client brokerage commissions (or markups or markdowns):

- Data services, such as those providing stock quotes, last sales price and trading volumes;
- Research reports and brokerage analyst’s earnings estimates;
- Discussions with consultants and research analysts who have particular insight into a sector, industry or company in which the Adviser has an interest;
- Discussions with research analysts and meetings with corporate executives to obtain oral reports on company performance; and
- Order management system that provides connectivity service between the money manager and sell-side firms (including broker-dealers, ECNs and other execution platforms) for trade execution, settlement and commission management.

In addition, the Adviser utilizes Commission Sharing Arrangements (“CSA”) to obtain research that falls within Section 28(e) of the Exchange Act’s safe harbor. Under these types of arrangements, the Adviser requests that executing brokers allocate a portion of total commissions paid to a pool of “credits” maintained by a broker-dealer that can then be used to obtain 28(e) eligible services. After accumulating a number of credits within the pool, the Adviser subsequently directs that those credits be used to pay appropriate parties in return for eligible research and/or brokerage services. The research obtained by the Adviser in connection with a Client’s commission credits often is but may not always be used exclusively for the Client generating the brokerage credit.

The Adviser periodically considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and

attempts to allocate a portion of the Clients' brokerage business on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services that they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. However, the Adviser may, in its sole discretion, elect to pay a broker-dealer with soft dollar credits or cash in recognition of the value of the research services provided where the level of brokerage activity with that broker-dealer is below the investment manager's perceived value of the services that the broker-dealer has provided to the Clients. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Brokerage for Client Referrals

Neither the Adviser nor any related person receives Client referrals from any broker-dealer or third-party.

From time to time, the Adviser or the Funds it advises, are introduced to potential investors by its prime brokers and receive other benefits from its prime brokers. In addition, the Adviser may occasionally receive similar benefits from other broker-dealers or counterparties it transacts with from time to time. Currently, neither the Adviser nor its Clients compensate such third-party brokers (other than as described in Item 14 below) for introducing the Adviser or its Clients to any potential investors. Such introductions and other products or services that the Adviser receives can present a potential conflict of interest to the extent that the Adviser uses such brokers in connection with brokerage or other activities on behalf of its Clients. However, MSD considers a number of factors in attempting to satisfy its fiduciary obligation to seek best execution for its Client's securities transactions.

Order Aggregation

If MSD determines that the purchase or sale of the same security is in the best interest of more than one Client or MSD Capital Portfolios, MSD could, but is not obligated to, aggregate orders in order to reduce transaction costs. When an aggregated order is filled through multiple trades at different prices from the same time period within a trade day, each participating Client will receive the average price with transaction costs allocated *pro rata* based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by MSD. In the event of a partial fill, allocations generally will be made *pro rata* based on the initial order, but could be modified on a basis that the MSD deems to be appropriate, including, for example, in order to avoid "odd-lot" positions or *de minimis* allocations. This could result in allocations of certain investments on other than a *pro rata* basis. See Item 6 for additional information on investment allocations.

Trade Errors

The Adviser will not be responsible for any losses from any trade errors made by it, in respect of Client investments, except to the extent it is liable pursuant to the applicable Governing Documents of such Clients (i.e., attributable to bad faith, gross negligence, wilful misconduct or fraud on the part of the Adviser). Trade errors might include, for example, keystroke errors

that occur when entering trades into an electronic system or typographical or drafting errors that result in purchases or sales of the wrong instrument, the wrong quantity of an instrument, or in violation of a regulatory or contractual obligation. Investors should assume that trade errors (or similar errors or deviations from accuracy or correctness in the trade process) will occur and that MSD will not be responsible for any resulting losses, unless it breached its standard of care as set out in applicable laws or regulations as well as the applicable Governing Documents of the respective Client.

ITEM 13

REVIEW OF ACCOUNTS

Client accounts are reviewed by the relevant Portfolio Manager(s) who are responsible for the strategies applicable to each Client, and other appropriate investment operations, legal and compliance, and accounting personnel on a regular basis. Matters reviewed include the specific investments held by each Client, the percentage of assets in various types of asset classes, the financial and regulatory limits relating to investments, the relative and absolute performance of each Client account and liquidity, and leverage amount of each Client account.

A review of a Client account may also be triggered by any unusual activity or special circumstances.

Investors in Clients typically receive monthly or quarterly account statements (from the Client's administrator) and a copy of the audited financial statements of the relevant Client within 120 days after the fiscal year end of a Client, where applicable. In addition, monthly or quarterly reports setting forth performance and portfolio data, including an analysis of portfolio exposure, may be provided to investors. The Adviser may, from time to time, provide additional information relating to the Clients to one or more investors in connection with a request from a particular investor or as it otherwise deems appropriate.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefits for Providing Services to Clients

Other than what is described above, the Adviser does not receive economic benefits from non-Clients for providing investment advice or advisory services to its Clients.

Compensation to Non-Supervised Persons for Client Referrals

From time to time, the Adviser enters into arrangements with unaffiliated third parties, such as placement agents, for introducing investors to it in respect of a particular Client. These arrangements, including the fact that such third parties are compensated, will be disclosed to the affected investors. In such instances, any fees associated with such arrangements will be paid by the Adviser, and not the Client.

ITEM 15

CUSTODY

The Adviser is deemed to have custody of the underlying assets of certain of its Clients. In addition to holding Client assets with an unaffiliated, qualified, third-party custodian, these Clients' assets are generally subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board ("PCAOB"), and the audited financial statements are then provided to the underlying investors of these Clients within 120 days of the end of the fiscal year. For Clients that are pooled investment vehicles (and subject to such financial audits and reporting delivery qualifications), MSD relies on the "pooled vehicle annual audit exception" and is deemed compliant with the surprise audit obligations imposed by the SEC's custody rule.

ITEM 16
INVESTMENT DISCRETION

The Adviser maintains discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Client. This discretionary authority is subject to the investment objectives, policies and restrictions set forth in the Governing Document of each such Client.

For the Adviser to assume discretionary authority, each underlying investor must complete the appropriate Client subscription documents or enter into an investment advisory agreement, or similar agreement, with a Client, pursuant to which the Adviser or an affiliate of the Adviser is granted discretionary authority.

ITEM 17

VOTING CLIENT SECURITIES

In instances where a Client owns equity securities in which it has the right to vote via shareholder proxy, MSD retains proxy voting authority with respect to the voting security. MSD has adopted and implemented proxy voting policies and procedures (“Proxy Voting Policy”) that are designed to reasonably ensure that MSD votes proxies, or elects not to vote proxies, in the best interests of its Clients for whom MSD has voting authority.

MSD’s Proxy Voting Policy describes the factors that MSD generally considers when voting proxies and requires MSD to keep records with respect to the votes cast. The Proxy Voting Policy also provides that, in the event a particular proxy vote would involve a conflict between the interest of MSD and those of a Client, MSD, will (a) vote in accordance with the recommendation of an independent proxy service; or (b) if MSD believes it is in the best interest of the Client to depart from the recommendation of an independent proxy service, consult with MSD’s Legal and Compliance Department or the applicable conflict committee to vote with the intent of maximizing the value of the Client’s portfolio.

MSD has retained an independent third-party proxy voting service to provide voting analysis and recommendations, assemble proxies for which Clients have voting rights, provide vote execution according to MSD’s guidelines and quarterly reports indicating how individual votes are ultimately cast.

A copy of MSD’s Proxy Voting Policy or information about how MSD voted client proxies are available upon request.

ITEM 18
FINANCIAL INFORMATION

Item 18 is not applicable. The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.