



NASSAU CORAMERICA

NASSAU CORAMERICA LLC **(AND CERTAIN OF ITS INVESTMENT ADVISORY AFFILIATES)**

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FORM ADV PART 2A: FIRM BROCHURE

December 17, 2024

This brochure provides information about the qualifications and business practices of Nassau CorAmerica LLC. If you have any questions about the contents of this brochure, please contact us by phone at (310) 606-8440. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Nassau CorAmerica LLC is available on the SEC's website at www.adviserinfo.sec.gov. Nassau CorAmerica LLC's registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This is the initial filing of Form ADV for Nassau CorAmerica LLC.

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Item 4. Advisory Business

A. Firm Description

Nassau CorAmerica LLC, a Delaware limited liability company ("**NCA**"), was founded and commenced operations in 2009. Each of NCA Realty Partners LLC, a Delaware limited liability company ("**NCARP**"), and NCA Realty Partners GP LLC, a Delaware limited liability company ("**NCARP GP**" and, collectively with NCA and NCARP, the "**Firm**"), was founded and commenced operations in 2021. The Firm has a principal place of business in El Segundo, California and offices in Des Moines, Iowa and Philadelphia, Pennsylvania.

Each of NCARP and NCARP GP is a wholly-owned subsidiary of NCA. NCA is a subsidiary of Nassau Asset Management LLC, a Delaware limited liability company ("**NAM**"). NAM is a wholly-owned subsidiary of Nassau Financial Group, L.P., a Cayman Islands exempted limited partnership ("**Nassau Group**"). Nassau Group is a subsidiary of GGCOF Nassau Investments, L.P., a Cayman Islands exempted limited partnership and wholly-owned subsidiary of Nassau NAMCO Splitter, L.P., a Cayman Islands exempted limited partnership ("**NAM Splitter**"). NAM Splitter is owned and controlled by certain private investment funds sponsored and managed by Golden Gate Private Equity, Inc.

NAM was founded by Phillip J. Gass and Kostas Cheliotis in 2015.

William M. Petak serves as the Chief Executive Officer of the Firm.

B. Types of Advisory Services

The Firm provides investment advisory and investment management services, on a discretionary and non-discretionary basis, as described below.

Investment Advisory Services

The Firm provides investment advisory services (i) to privately offered investment funds (each a "**Fund**"), and (ii) directly and indirectly through a subadvisory agreement with NAM, both on discretionary and nondiscretionary bases, to institutions, including insurance companies, with which the Firm and NAM are affiliated (collectively with the Funds and the Firm's other investment advisory clients, the Firm's "**clients**"). As of the date of this Form ADV Part 2A firm brochure, the Firm serves as the investment manager and general partner for the following Funds:

- NCA Realty Partners Fund I LP
- NCA Realty Partners Fund II LP

Real Estate Equity Strategies

The Firm operates a real estate equity strategy for certain of its clients. The strategy is to seek long term capital and current income appreciation by acquiring, holding, improving, leasing, operating, maintaining, developing, managing, supervising, financing, refinancing and disposing of, directly or indirectly through one or more intermediaries, real estate and real estate-related portfolio investments located in metropolitan statistical areas (as defined in the U.S. Office of Management and Budget) in the United States specifically targeting investments in (i) self-storage and parking related assets, (ii) residential assets (e.g., multifamily and other residential housing), (iii) distribution/warehouse assets and (iv) medical/life science-oriented assets.

Real Estate Debt Strategy

The Firm originates, acquires and manages loans secured by commercial real estate and invests in and manages CMBS, credit tenant leases, structured debt, REIT debt and commercial real estate related corporate debt for certain of its clients. The Firm focuses on capital preservation and relative value and assesses the potential risk-adjusted returns and inefficiencies in the marketplace before making a particular investment. The Firm conducts what it believes to be comprehensive, commercially reasonable analysis and due diligence with respect its investments

Other

The Firm may, in the future, provide additional types of investment advisory services and employ additional investment strategies or may provide services to additional types of clients.

C. Availability of Customized Services

The Firm tailors its advisory services to each client's needs and investment mandates, which are specified in the relevant offering materials, investment advisory agreements, organizational agreements and/or other governing documents. The offering documents for each Fund describe the terms and conditions of the Fund, including fees and risk factors, and should be read carefully prior to investment. No offer to sell interests in the Funds is or will be made by the descriptions in this brochure, and Funds are available only to investors that are properly qualified.

While much of this brochure applies to all of the Firm's clients, certain information included herein applies to specific clients only. Thus, it is crucial for any client, prospective client, Fund investor or prospective Fund investor to closely review the applicable investment advisory agreement, offering document, organizational agreement or other governing documents with respect to, among other things, the terms, conditions and risks of investing.

D. Wrap Fee Programs

The Firm does not participate in wrap fee programs.

E. Assets Under Management

As of September 30, 2024, the Firm managed approximately \$3,295,207,436, of which amount approximately \$163,038,279 was managed on a discretionary basis and approximately \$3,132,169,157 was managed on a non-discretionary basis.

Item 5. Fees and Compensation

A. Compensation

Compensation to the Firm for investment advisory services is based on a percentage of the assets managed by the Firm on behalf of a client and through performance-based compensation. Compensation to the Firm for services provided to NAM takes the form of management fees, and compensation to the Firm for services provided to the Funds takes the form of management fees and carried interest. Such compensation may be paid to the Firm or an affiliate of the Firm. The Firm is permitted to waive, reduce or otherwise modify the management fee and/or incentive compensation for any investor in a Fund, and has done so for affiliates of the Firm. In addition, the Firm occasionally enters into a side letter arrangement with certain Fund investors, in which the Firm has granted such investors with preferential terms.

It is anticipated that compensation to the Firm for services provided to other clients in the future may take the form of management fees based on a percentage of assets under management or performance fees, carried interest or other incentive-based compensation related to the performance of such other client accounts. Such compensation may be paid to the Firm or an affiliate of the Firm. The Firm is also permitted to waive, reduce or otherwise modify the management fee and/or performance fee, carried interest or other incentive-based compensation for any investor in a Fund, and has done so for affiliates of the Firm. In addition, the Firm occasionally enters into side letter arrangements with certain Fund investors, pursuant to which the Firm has granted such investors preferential terms.

B. Payment of Fees

Management fees paid by NAM are based on the book value of the assets managed by the Firm less certain liabilities and are paid quarterly in arrears. Typically, management fees paid by the Funds are based on the aggregate adjusted book value or fair market value of the assets owned by the Funds and paid quarterly in advance. Incentive fees paid by the Funds will be payable later in the Funds' lives after investors have received a specified preferred return.

Management fees and incentive fees paid by other Firm clients are tailored for each such other client.

Although the foregoing is a brief summary of the management fee, performance fee and incentive compensation arrangements applicable to each of the Firm's clients, please note that this brief summary is not a substitute for the detailed terms provided in the advisory agreement, offering document, organizational agreement or other governing documents of the Firm's clients. Clients, prospective clients, Fund investors and prospective Fund investors should therefore review the applicable advisory agreement, offering document, organizational agreement or other governing documents carefully because such documents, and not the summary in this brochure, describe more specifically the fees such client will pay.

C. Additional Expenses

The expenses paid by the Firm's clients are set forth in detail in the advisory agreement, offering document, organizational agreement or other governing documents of the relevant client. Such expenses may differ among clients and within clients. Thus, although the following is a summary of expenses the Firm's clients may generally bear, it is not an exhaustive or complete list with respect to all clients. Clients, prospective clients, Fund investors and prospective Fund investors should therefore review the applicable advisory agreement, offering document, organizational agreement or other governing documents carefully because such documents, and not the summary in this brochure, describe more specifically the expenses such client will bear.

Generally, each of the Firm's clients will bear its own organizational, operating and other expenses, which may include, but not be limited to:

- Costs and expenses directly or indirectly incurred in connection with the formation, registration and organization of, and sale of interests in, a fund and any related investment fund and its general partner or otherwise relating thereto, including out-of-pocket legal, accounting, printing, travel and filing fees and expenses;
- Costs and expenses arising out of the offering and sale of Fund interests, including travel expenses and expenses of negotiating and preparing agreements with, responding to requests from (e.g., responses to due diligence questionnaires) and preparing communications with, potential and existing investors; amending or supplementing the offering documents to reflect

the issuance of new Fund interests, preparing marketing and other materials and the use of placement agents;

- Fees, costs, expenses and liabilities arising out of, related to or attributable to the identification, development, analysis, evaluation, negotiation, acquisition/purchase, holding and monitoring (e.g., interest and related expenses and recordkeeping risk management, custodial, bank service, depository, trustee and other administration fees, costs and expenses), valuation, maintenance, custody, financing, refinancing, structuring, restructuring, sale, settlement, transfer, disposition or realization of investments, including all fees and expenses of legal counsel, financial advisers and other service providers incurred in connection therewith (regardless of whether such service providers are affiliates of the Firm) and other transaction related expenses such as investment-related travel and lodging expenses, appraisal fees, consulting fees, rating agency expenses, pricing and valuation fees, loan fees, escrow fees, private placement fees, arranger fees, syndication fees, investment banking fees, commitment fees, servicing fees, brokerage and finders' fees, costs and expenses, commissions, mark-ups or mark-downs, interest and clearing and settlement fees, transfer taxes and premiums, underwriting commissions and discounts, breakup fees (including reverse breakup fees), and other due diligence expenses, in each case, whether or not the investments are consummated (excluding amounts that might otherwise have been borne directly or indirectly by potential co-investors were such transactions consummated as determined by the Firm in its sole discretion);
- Fees, costs and expenses arising out of or related to structuring or restructuring potential and actual transactions or investments and unconsummated investments (including, without limitation, tax and legal advice and services related to conducting due diligence, researching, evaluating, negotiating, acquiring or disposing of investments and any consultation and licensing fees specific to applications (or other software) used in evaluating investments);
- Fees, costs and expenses associated with structuring, organizing, maintaining, operating and winding up investment vehicles, subsidiaries, other entities and accounts through which the a client makes investments, whether or not actually formed or used (e.g., formation and organizational expenses, expenses related to the maintenance of offering documents and disclosure, trustee expenses and administrator expenses);
- Fees, costs and expenses of service providers, such as legal, filing, accounting, bookkeeping, tax compliance (including FATCA compliance) and preparation, auditing, banking, transfer agency, consulting, regulatory, valuation firms and financial modeling services, and other professional service providers;
- Investment or trading related fees, costs and expenses of prime brokers and futures commission merchants and commodities brokers, including brokerage commissions or spreads, loan origination fees or finders' fees, clearing and settlement charges, custodian fees or other transaction fees and costs in connection with the investments;
- All principal amounts of, and interest and commitment expenses on, borrowings and Indebtedness (including, without limitation, any fees, costs, and expenses incurred in collateral security structuring, obtaining lines of credit, loan commitments, and letters of credit for clients (including ongoing servicing costs, such as trustee fees, letters of credit and facility fees and bank charges) and in making, carrying, funding and/or otherwise resolving investment guarantees), and all other fees, costs, expenses and other liabilities associated with client borrowings, financing arrangements or other indebtedness, guarantees or credit supports, including the arranging and maintenance thereof, whether incurred by the client or incurred or facilitated by a special purpose vehicle through which an investments is made;

- Costs and expenses of any independent investor representative (including, without limitation, an investor advisory committee), including the reasonable travel-related costs and expenses (such as lodging and meals) and other reasonable costs and expenses incurred by any member of such committee in connection with such member's service on the committee;
- Hedging or hedging-related fees, costs and expenses;
- Fees, costs and expenses in connection with regulatory, licensing, filings or similar matters in any jurisdiction related to investor-related or investment-specific compliance obligations including, for example, "blue sky" and "world sky" requirements, FATCA, SEC Form PF filings and Form D filings; provided, that the costs of the Firm's general compliance with the Advisers Act, such as the preparation and updating of Form ADV, will be borne by the Firm;
- Fees, costs and expenses relating to investor communications, relations and reporting (including, without limitation, any and all fees, costs and expenses incurred in connection with the preparation and delivery of a Fund's financial statements, reports or tax returns, including mailing and printing costs or the fees, costs and expenses of establishing and maintaining a secure website or other electronic methods of reporting) and the costs and expenses of annual and other investor meetings (not including the individual expenses of the investors);
- Management fees and fees and expenses associated with an administrator, custodian or other similar service provider;
- Fees, costs and expenses of insurance and insurance premiums (including, without limitation, directors' and officers' liability or other similar insurance policies, errors and omissions insurance, financial institutions bond insurance and other similar policies or insurance for the benefit of a client), including in respect of investments;
- Taxes, fees, costs or other charges payable by or with respect to or levied against a client or its investments (including, without limitation, U.S. and non-U.S. governmental agency fees and charges, including real estate, stamp or other transfer taxes), except to the extent such amounts are (i) allocable to or payable by an investor and (B) actually borne and paid by such investor;
- Fees, costs, expenses, interest or charges incurred in connection with any tax audit, investigation, settlement or review of a client and incurred by the Firm or its designee in their capacity as such client's "partnership representative" or any similar role under applicable state, local or non-U.S. tax law;
- Fees, costs and expenses for services that a client requires the Firm to obtain;
- Fees, costs and expenses incurred in connection with or relating to the issuance, transfer, withdrawal or other change relating to interests in a Fund including any fees, costs or other expenses related to distributions of Fund assets associated with such interests;
- Extraordinary fees, costs and expenses such as expenses associated with any litigation, regulatory-related matter, investigation or an indemnification or contribution obligation (including, without limitation, settlements, fines, advances, judgments and similar expenses) related to a client or its investments;
- Other fees, costs or expenses of a client that are not otherwise expressly assumed by the Firm or that, in the good faith determination of the Firm are reasonably incurred in connection with or otherwise arising out of or that are related to the operations or activities of the client, including but not limited to broken-deal expenses (excluding those allocable to co-investors or potential co-investors) that have not agreed to bear broken-deal expenses); and

- Other costs, expenses and fees to be described in the offering documents, investment advisory agreement or applicable organizational or governing document of a Fund or other client.

Expenses to be borne by more than one client will be allocated across the applicable clients in a manner determined by the Firm to be fair and equitable and consistent with its policies and procedures, generally *pro rata* based on the size of the applicable investment, client or account (as applicable).

D. Advance Payment of Fees

Certain of the Firm's clients pay management fees in advance. Management fees for partial periods will be pro-rated. Generally, investors in the Funds will not be permitted to withdraw capital or require that a Fund redeem their investment in such Fund, with the result that no advisory contract is expected to be terminated before the end of the billing period and, therefore, management fees paid in advance in respect of Funds are not expected to be refunded. Management fees that are paid in advance in respect of separately managed accounts may be refunded if the related advisory contract is terminated before the end of a billing period and the terms of such advisory contract so provide.

E. Compensation for Sale of Securities or Other Investment Products

Neither the Firm nor any of its supervised persons receives any transaction-based compensation for the sale of investment instruments.

A description of the brokerage and other transaction costs that are borne by the Firm's clients is in Item 12 of this brochure.

Item 6. Performance-Based Compensation and Side-by-Side Management

As described in Item 5 above, the Firm and/or its affiliates receive compensation from certain clients partly in the form of performance-based compensation. However, such performance-based compensation may not be charged in the same amount or manner for all clients or Fund investors. The variation of performance-based compensation structures among clients or Fund investors may give rise to conflicts of interest. For example, variations create an incentive for the Firm to (i) disproportionately allocate time, services or functions to, (ii) direct the best investment ideas to, or (iii) allocate the sequence of trades in favor of, clients that have a performance-based compensation arrangement more favorable to the Firm. The Firm is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address such conflicts of interest. These policies and procedures are described in more detail in Item 11 of this brochure.

Item 7. Types of Clients

The Firm's primary activity is to provide investment advisory services to Funds, which are pooled investment vehicles generally offered to investors that are, in the case of U.S. investors, "accredited investors" as defined in Regulation D under the Securities Act of 1933, as amended (the "***Securities Act***") and "qualified purchasers" as defined in the Investment Company Act of 1940, as amended (the "***Investment Company Act***"). The Firm generally provides investment advice to the Funds and not individually to the investors in the Funds.

The Firm also advises, indirectly via a subadvisory agreement with NAM, insurance companies with which the Firm and NAM are affiliated. The Firm also may advise separately managed accounts for institutional or other investors.

With respect to any client that is a Fund or other pooled investment vehicle, minimum subscription or investment amounts will be disclosed in the relevant offering memorandum.

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

The descriptions set forth in this brochure of specific advisory services that the Firm offers to its clients, and investment strategies pursued and investments made on behalf of its clients, should not be understood to limit in any way the Firm's investment activities. The Firm may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that it considers appropriate, subject in each case to the relevant client's investment objectives and guidelines.

A. Methods of Analysis and Investment Strategies

The Firm invests certain of its clients' assets in loans secured by real property and commercial improvements, senior loans, CMBS, bridge lending, structured debt, REIT debt, commercial real estate related corporates and equity. The Firm assesses the potential risk-adjusted returns and inefficiencies in the marketplace before making a particular investment.

The Firm conducts what it believes to be comprehensive, commercially reasonable analysis and due diligence with respect to prospective investments, which typically includes a review of:

- Primary strengths, risk and risk mitigants associated with the investment;
- Entity type(s), ownership structure, experience, financial strength and background and credit profile(s) of the borrower and key sponsor(s);
- Property type, location, physical attributes, age, condition, functionality, cash flow and valuation;
- Rent roll, major leases and key tenant financial strength;
- Market and submarket occupancy levels and key supply and demand factors;
- The investment structure, including but not limited to, the term, loan amount, interest rate, rate reset provisions, call rights, amortization schedule, capital structure, prepayment provisions, extension provisions, credit enhancements, guarantees and fees;
- The Firm's proprietary credit risk rating model, together with other credit risk analysis; and
- Property due diligence reports prepared at borrower's expense by vendors selected by the Firm, including an MAI appraisal, environmental report, property physical condition report and seismic report (for properties located in known seismically active zones).

The foregoing is a summary description of the strategies employed by the Firm's clients. The exact strategy employed with respect to each client is set forth in and governed by the terms and conditions of the applicable investment advisory agreement or other governing documents. Thus, any client or prospective client is reminded that the disclosures in this Form ADV Part 2A firm brochure are qualified by, and subject to, such investment advisory agreement or other governing documents.

Despite the Firm's methods, clients and investors in Funds should be aware that investing in securities and other investment instruments involves risk of loss that clients and such investors should be prepared to bear.

B. Material Risks of Investment Strategies

The investment strategies the Firm uses entail substantial risks, including, but not limited to, those identified below. Further details regarding these risks and other applicable risk factors are included in the offering and/or other documents of the Funds for which the Firm performs investment advisory services, or in the advisory agreement or other documentation furnished to other clients. Clients, prospective clients, Fund investors and prospective Fund investors are advised to carefully review all risk factors described in such documents. The following is not intended to supersede the material contained in such documents.

No Ability to Make Decisions. Investors in Funds have no authority to make investment decisions on behalf of the Fund.

Dependence on Key Individual and Other Personnel. The success of the Firm's clients depends upon the ability of the Firm, particularly those of Mr. Petak, to develop and implement investment strategies that achieve the Firm's clients' investment objectives. If the Firm was to lose the services of Mr. Petak, the consequences to its clients could be material and adverse. Furthermore, the employees of the Firm are shared employees made available to it under a Shared Services Agreement (as defined below) with affiliates (the "***Shared Services Providers***"). The Firm is relying extensively on the experience and relationships of these persons over which it does not have direct control. There can be no assurances that these people will remain with the Shared Services Providers or will otherwise continue to be able to carry on their current duties to the Firm under the Shared Services Agreement or that the Shared Service Providers will be able to attract and retain replacements or additional persons when needed. The loss of the services of one or more of these professionals could have an adverse impact on the ability of the Firm to perform its duties.

Business and Regulatory Risks. Legal, tax and regulatory changes could adversely affect the Firm's clients and/or Fund investors. The regulatory environment for private funds and similarly situated investment vehicles and accounts is evolving, and changes in such regulation may adversely affect the value of investments held by the Firm's clients. In addition, securities markets are subject to comprehensive statutes and regulations. The U.S. Securities and Exchange Commission, other regulators, and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Firm's clients could be substantial and adverse.

Absence of Regulatory Oversight. While the Funds for which the Firm performs investment advisory may be considered similar to investment companies, no Fund is required to, nor will it, register as an investment company under the Company Act or the laws of any jurisdiction and, accordingly, the provisions of such statutes (which may provide certain regulatory safeguards to investors) will not be applicable

Conflicts of Interest. Various potential and actual conflicts of interest may arise between and among the Firm, its clients (including the Funds) and each of their affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

Receipt and Permissible Use of Certain Market Information

The Firm and/or its affiliates will likely, from time to time, cause certain of their respective clients to invest in securities or other investment instruments that would be appropriate as investments to be acquired by one or more of the Firm's other clients. The Firm and/or its affiliates will also have ongoing relationships with, render services to or engage in transactions, either directly and/or through one or more clients, that invest: (i) in assets of a similar nature to those of one or more of the Firm's clients; and (ii) with companies whose securities or loans are acquired by one or more of the Firm's clients and may own equity or debt securities of such companies. As a result, certain principals, members, directors, officers, employees or

affiliates of the Firm and its affiliates may possess information relating to issuers of investment instruments held in certain client accounts that is not known to the individuals at the Firm responsible for monitoring investments held in such accounts. Accordingly, there may be circumstances in which the Firm will be restricted from effecting purchases and/or sales of assets on behalf of one or more of its clients. At times, the Firm, in an effort to avoid such restrictions, may elect not to receive certain information that other market participants are eligible to receive or have received.

Differing Valuation Methodologies

Various of the Firm's clients may require the Firm and/or its affiliates to apply different valuation methodologies in valuing specific investments. As a result of such different methodologies, the assigned values of certain investments held in certain of the Firm's client accounts may differ from the value assigned to the same investments held by certain other Firm client accounts which, in turn, could result in different calculations of management fees for different clients holding the same investments.

Conflicting Investments or Roles Among Clients

The Firm and its affiliates and their respective clients and personnel may invest, or have already invested, in securities or other financial instruments that are senior or junior to securities or financial instruments of the same issuer that are held or may be acquired by one or more Firm clients. In addition, the Firm and/or its affiliates and their respective personnel may serve as a general partner, adviser, officer, director, sponsor or manager of funds and/or entities organized to pursue strategies similar to those of the Firm's clients or those pursued on behalf of the Firm's other clients. In addition, certain of the Firm's affiliates' clients may, but are not required to, invest in investment vehicles managed by one or more of the Firm or its affiliates. The Firm recognizes that conflicts may arise under such circumstances and will endeavor to treat each of the Firm's clients fairly and equitably.

Conflicts Regarding Investment Allocations

It is the policy of the Firm to allocate investment opportunities among the Firm's clients so as to not favor one client account over another. However, the Firm may be unaware of, and will not generally take into account, investments made by, or opportunities presented to, other affiliates of the Firm. The Firm will have no obligation to purchase, sell or exchange any security or financial instrument for one Firm client that the Firm may purchase, sell or exchange for another client if the Firm believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for such other client. There is no assurance that the Firm's clients with strategies or investment objectives that are similar will hold the same assets or perform in a similar manner.

Because of the nature of the fixed income markets, as well as specific client guidelines and objectives, pro rata allocation of investment opportunities by the Firm among its clients may not be feasible in all circumstances. Accordingly, the Firm does not prescribe one specific manner in which securities or financial instruments are allocated among its clients, and the Firm may use pro rata, rotational, percentage, or other allocation methods. An allocated transaction may be modified if strict adherence to an anticipated allocation may lead to impractical or undesirable results such as odd lots or de minimis allocations. The factors that the Firm may consider in allocating investments among its clients include, but are not limited to, (i) variations in investment objectives, (ii) variations in investment parameters and/or restrictions, (iii) other investment opportunities that may be available to one client but not another, (iv) portfolio limitations due to margin or credit facility requirements, (v) legal, regulatory or contractual limitations or requirements, (vi) tax considerations, (vii) liquidity needs, (viii) concentration limitations relative to a particular issuer, industry, sector or geographic region, or (ix) timing considerations. In certain circumstances, the Firm may give special consideration to certain of its clients, such as new clients (including those in which the Firm

and/or its affiliates or their personnel may have an interest) with a substantial amount of available cash. The investment decisions of the Firm and its affiliates may result in different investment decisions and allocations even with respect to the Firm's clients with similar investment objectives.

Conflicts Regarding Trade Execution

The Firm seeks to obtain the best execution for all orders placed with respect to any trade in a manner it believes to be in the best interests of the participating clients. In allocating brokerage business (where applicable), the Firm may take into account a number of considerations, including but not limited to, (i) quality of execution, (ii) reputation, financial strength and stability, (iii) willingness to execute difficult transactions, (iv) access to underwritten offerings and secondary markets, (v) ongoing reliability, (vi) overall costs of a trade, (vii) desired timing of the transaction and size of trade, and (viii) market intelligence regarding trading activity. Although the Firm seeks competitive prices, it may not necessarily obtain the lowest price for a particular transaction.

The Firm may, in the allocation of business, take into consideration research and other brokerage services furnished to the Firm and/or its affiliates. Such services may be used by the Firm in connection with its other advisory activities or investment operations.

Conflicts Regarding Aggregate Investment Transactions

Orders for investments placed at the same time for two or more of the Firm's clients may, but are not required to, be "batched" or placed as an aggregated order for execution. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will generally 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 the Firm. In the event of a partial fill, allocations may be modified on a basis that the Firm deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. The Firm may elect not to aggregate trades. In such cases where no orders are aggregated, trades are processed in the order they are placed with the broker or counterparty selected by the Firm. As a result, certain trades in the same security or investment instrument for one client (including a client in which an affiliate of the Firm or its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. The Firm generally will not aggregate orders with, or otherwise coordinate the purchase or sale of, investments with affiliates of the Firm.

Conflicts Regarding Investment Decisions Among the Firm and its Affiliates

The Firm and its affiliates may have or establish relationships with companies, including acting as sponsor, equity investor, adviser, lender or agent bank, whose equity securities or debt obligations are assets held in one or more of the Firm's client accounts, or may be considered for purchase by one or more of the Firm's clients, and may now or in the future own or seek to acquire equity securities or debt obligations issued by issuers of assets held in one or more of the Firm's client accounts, and such securities or obligations may have characteristics or interests different from or adverse to assets held in such client accounts. The Firm and its affiliates may buy, sell, or hold securities or other instruments for themselves and/or on behalf of one or more clients (including a client in which an affiliate of the Firm or its personnel may have a direct

or indirect interest) while the Firm is making different investment decisions with respect to one or more other clients and *vice versa*.

In addition, the Firm and its affiliates may engage in any other business and furnish investment management and advisory services to certain of the Firm's clients, including persons that may have investment policies similar to those followed by the Firm with respect to other clients and which may own securities of the same class, or of the same type, as those owned by other clients. The Firm and its affiliates may buy, sell or hold securities or other instruments for themselves, and/or on behalf of one or more accounts (including a client in which an affiliate of the Firm or its personnel may have a direct or indirect interest) while the Firm is making different investment decisions with respect to another client's portfolio and vice versa. In addition, proprietary accounts of the Firm or its affiliates may buy, sell or hold securities or other instruments that are of the same class, or of the same type, as those bought, sold or held by a client. The Firm will be free, in its sole discretion, to make recommendations to clients, or effect transactions on behalf of itself or for others, which may be the same as or different from those it effects or directs others to effect for other clients.

Neither the Firm nor any of its affiliates is under any obligation to offer investment opportunities of which it or they become aware to any Firm client or to account to any client or Fund investor (or share with any client or Fund investor, or inform any of them of) any such transaction or any benefit received by them from any such transaction or to inform any Firm client or Fund investor of any investments before offering such investments to any other Firm client(s). The Firm and its affiliates may make an investment on behalf of any client that they manage or advise without offering the investment opportunity to, or making any investment on behalf of, any other Firm client. Furthermore, the Firm and its affiliates may make an investment on their own behalf without offering the investment opportunity to any Firm client or the Firm on behalf of any Firm client. Affirmative obligations may exist or may arise in the future whereby the Firm and/or its affiliates are obligated to offer certain investments to certain Firm clients and/or Fund investors before or without the Firm offering those investments to other clients or Fund investors. The Firm may make investments on behalf of certain of its clients in securities or other assets that it has declined to invest in for its own account, the account of any Firm affiliates or the account of any other Firm client. The Firm will endeavor to resolve conflicts arising therefrom in a manner that it deems equitable to the extent possible under the prevailing facts and circumstances and applicable law.

Conflicts Regarding Time Commitments

Although the Firm and the personnel available to it will devote as much time to each of the Firm's clients as the Firm deems appropriate to perform its duties in accordance with the applicable investment management agreement and in accordance with reasonable commercial standards, such personnel may have conflicts in allocating time and services among the Firm's clients.

Conflicts Regarding Other Activities of the Firm and its Affiliates

There is no limitation or restriction on the Firm or its affiliates with regard to acting as investment manager to multiple client accounts. This and other future activities of the Firm and its affiliates may give rise to additional conflicts of interest and/or intensify the conflicts of interest already described in this brochure.

Limited Ethical Screens or Information Barriers

The Firm and certain of its affiliates currently share a principal place of business, and certain of the same principals, members, directors, officers and employees. The Firm and such affiliates have endeavored to put into place ethical and information barriers among the Firm and such affiliates of the type that many

firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. Nevertheless, if the Firm, its affiliates or any of their personnel were to receive material non-public information about an issuer of a security, the Firm might be prevented from causing the purchase or sale of such security or another investment instrument due to internal restrictions imposed on the Firm. Notwithstanding the maintenance of certain internal controls relating to the management of material non-public information, it is possible that such controls could fail and result in the Firm, or one of its investment professionals, buying or selling a security or other investment instrument while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the Firm's reputation and/or result in the imposition of regulatory or financial sanctions on the Firm, its affiliates, its personnel and/or one or more of the Firm's clients and, as a consequence, negatively impact the Firm's ability to perform its investment management services for the Firm's clients.

Other Potential Conflicts of Interest

Affiliates of the Firm may, in the future, provide other services to the Firm's clients and/or may receive fees from them in other capacities. Other present and future activities of the Firm and its affiliates may give rise to additional conflicts of interest.

Lack of Diversification. The Firm's client accounts are limited in the types of investments the Firm acquires on their behalf. Such lack of diversification could increase volatility.

Concentrated Portfolio. The Firm will only make a limited number of investments on behalf of its clients, and because investments strategies expected to be pursued by the Firm involve a high degree of risk, poor performance by a few of the investments in a client account could severely affect the total returns to such clients or to Fund investors.

Long Term Commitment. Capital commitment obligations to and/or investments in the Funds will be outstanding for a number of months, and capital and profits, if any, from the Funds' investments may not be realized until the redemption, repayment or other disposition of such investments. The Funds will generally expect to remain committed to and/or invested for a number of years.

Execution Risks and Investment Manager Error. The execution of the investment strategies employed by the Firm will often require the use of negotiated terms with counterparties. In each case, the Firm will seek to negotiate and execute such investments without miscommunication or other error. However, in light of the complexity involved, some miscommunications and other errors are likely and could result in losses to the Firm's clients.

No Assurance of Investment Return. There is no assurance that the Firm will be able to generate returns for its clients or that the returns will be commensurate with the risks of investing in the type of investments pursued by the Firm's clients. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment.

Cybersecurity. The Firm, as well as service providers to the Firm and/or its clients, store and transmit large amounts of electronic information, including information relating to the Firm's clients' transactions and Fund investors. The computer systems, networks and devices used by the Firm and service providers to the Firm and/or its clients to carry out routine business operations employ a variety of protections that the Firm believes are reasonably designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems

change frequently and may be difficult to detect for long periods of time. The Firm's clients and/or investors in the Funds could be negatively impacted as a result of a cybersecurity breach, including but not limited to, (a) disruptions to business operations, (b) interference with the ability to calculate the value of assets in client portfolios, (c) impediments to trading, and (d) the inability to transact business. Similarly, adverse consequences could result from cybersecurity breaches affecting (w) issuers of securities or other investment instruments in which the Firm's clients invest, (x) counterparties with which our clients engage in transactions, (y) governmental and other regulatory authorities, and (z) exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions.

Clients May be Subject to Third Party Litigation; the Funds Have Limited Funds Available to Pay Expenses. The investment activities by the Firm on behalf of its clients may subject such clients to the risks of becoming involved in litigation by third parties. This risk may be greater where the Firm, on behalf of one or more clients, exercises control or significant influence over a company's direction. The expense of defending claims against a client by third parties, including involuntary bankruptcy petitions, and paying any amounts pursuant to settlements or judgments would, except in the unlikely event that a client is indemnified for such amounts, be borne by such client and, in the case of a Fund, would reduce the funds available for distribution.

The funds available to the Funds to pay certain fees and expenses will be limited. In the event that such funds are not sufficient to pay the expenses incurred by the Funds, the ability of the Funds to operate effectively may be impaired, and the Funds may not be able to defend or prosecute legal proceedings that may be brought against them or that they might otherwise bring to protect the interests of the Funds. In addition, service providers who are not paid in full may have the right to resign. This could lead to Funds that are organized in the Cayman Islands being struck from the register of companies and dissolved.

Regulatory Change. The laws and regulations affecting businesses in general continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Firm's clients' activities can change quickly and unpredictably, and may at any time be amended, modified, repealed, or replaced in a manner adverse to the interests of the Firm's clients. The Firm, its affiliates and/or the Firm's clients may be, or may become, subject to unduly burdensome and restrictive regulation. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures have been or may be adopted in certain jurisdictions. The extent to which the underlying causes of these recent events are pervasive throughout global financial markets and have the potential to cause further instability is not yet clear. These recent events, and their underlying causes, are likely to continue to be the catalyst for changes in global financial regulation for some time, and may result in major and unavoidable losses to the Firm's clients. Legal, tax and regulatory changes could adversely affect the Firm's clients and investors. The regulatory environment for private funds and similarly situated investment vehicles and accounts is evolving, and changes in such regulation may adversely affect the value of investments held by the Firm's clients. In addition, securities markets are subject to comprehensive statutes and regulations. The SEC, as well as other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Firm's clients and investors could be substantial and adverse.

Political, Economic and Other Conditions. The Firm's clients' investments may be adversely affected by changes in economic conditions or political events that are beyond the Firm's control. For example, a stock market break, continued threats of terrorism, the outbreak of hostilities involving the United States or any other jurisdiction in which the Firm's clients invest, the outbreak of other global hostilities in jurisdictions in which the Firm's clients do not invest (including the current situation involving Russia and Ukraine), the death of a major political figure, or the overthrow or replacement of a current ruling body may have

significant adverse effects on the Firm's clients' investment results. Additionally, a serious pandemic, such as avian influenza, or a natural disaster, such as a hurricane, could severely disrupt the global, national, and/or regional economies and/or markets. Other factors, such as changes in U.S. or non-U.S. tax laws, U.S. or non-U.S. securities laws, bank regulatory policies, or accounting standards, may make corporate financings less desirable. Similarly, legislative acts, rulemaking, adjudicatory, or other activities of the United States Congress, the SEC, the Federal Reserve Board, the New York Stock Exchange, the Financial Industry Regulatory Authority or other U.S. or non-U.S. governmental or quasi-governmental bodies, agencies, and regulatory organizations may make the business of the Firm's clients less attractive. A negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, and cause credit spreads to widen, each of which could have an adverse effect on the investment performance.

Natural Disasters; Epidemics and Pandemics. A natural disaster, such as an earthquake, a hurricane, a tsunami or widespread fires, or an outbreak of epidemic, pandemic, or contagious diseases, such as the novel coronavirus and related respiratory disease ("**COVID-19**") pandemic, and past outbreaks such as the Ebola virus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, or the H1N1 virus, could severely disrupt the global, national, and/or regional economies and/or markets.

In particular, in late 2019, an outbreak of COVID-19 occurred and has spread rapidly across the world. This outbreak has led, and for an unknown period of time will likely continue to lead, to disruptions in local, regional, national and global markets and economies affected thereby. With respect to the U.S. financial markets, this outbreak has resulted in, and until fully resolved is likely to continue to result in, the following, among other things: (i) government imposition of various forms of "stay at home" orders and the closing of "non-essential" businesses, resulting in significant disruption to the businesses of many borrowers, including supply chains, demand and practical aspects of their operations, as well as in lay-offs of employees, and, while these effects are hoped to be temporary, some effects could reoccur from time to time, be persistent, or even be permanent; (ii) increased draws by borrowers on revolving lines of credit; (iii) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iv) downgrades in the credit rating of borrowers; (v) volatility and disruption of these markets including greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues; and (vi) rapidly evolving proposals and/or actions by local, state and federal governments to address problems being experienced by the markets and by businesses and the economy in general, which will not necessarily adequately address the problems facing the loan market and businesses broadly. This outbreak is having, and any future outbreaks could have, an adverse impact on the markets and the economy in general, which could have a material adverse impact on, among other things, the ability of lenders to originate loans, the volume and type of loans originated, and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by Firm's clients and returns to the Firm's clients and Fund investors. Additionally, variations of the virus could increase the rate at which the virus spreads and hamper vaccination efforts, leading to increased economic disruption. As of the date of this firm brochure, it is impossible to determine the scope of this outbreak, or any future outbreaks, how long any such outbreak, market disruption or uncertainties will last, the effect any governmental actions will have or the full potential impact on the Firm or its investment strategies, including the Firm's ability to make investments similar to those it has made in the past.

Subsequent "waves" of COVID-19 have occurred in the United States and could recur in the future, with new strains of the virus continuing to be identified. It is unclear whether the mitigation or containment measures taken by various governments (including at the federal, state and local level) or private enterprises

will be continued or re-implemented, or if different measures will be implemented, and what impact such measures will have on the national or global economy. There can be no assurance that countries that appear to have passed the peak of the COVID-19 impact will not experience a resurgence. Moreover, there are certain parts of the world that are continuing to see an increase in the number of cases.

Risks from Climate Change. A Firm client may invest in portfolio investments located in communities where its businesses, and the activities of its clients and customers, could be disrupted by climate change. Potential physical risks from climate change may include (among other things) altered distribution and intensity of rainfall, prolonged droughts or flooding, increased frequency of wildfires, extreme weather changes, rising sea levels and a rising heat index. In addition, these physical changes may prompt changes in regulations or consumer preferences which in turn could have negative consequences for the business models of client portfolio investments. These climate driven changes could have a negative impact on the economy, and business activity in any of the locations in which a portfolio may invest and thereby adversely affect the performance of a client's portfolio investments.

Competition; Availability of Investments. The Firm may be unable to find a sufficient number of attractive opportunities to meet the Firm's clients' investment objectives or fully invest their assets and/or committed capital. Among other factors, competition for suitable investments from investment funds and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of private funds and managed accounts organized to make investments similar or identical to the Firm's clients' investments, which may result in increased competition to our clients in obtaining suitable investments. There can be no assurance that the Firm will be able to identify or successfully pursue attractive investment opportunities in such an environment.

Operating and Financial Risks of Investments. Companies in which Firm clients invest may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, or a larger number of qualified managerial and technical personnel. As a result, portfolio companies which the Firm expects to be stable may operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position or may otherwise have a weak financial condition or be experiencing financial distress.

Portfolio companies may also issue certain types of debt, such as mezzanine or high yield, in connection with leveraged acquisitions or recapitalizations in which the portfolio company incurs a substantially higher amount of indebtedness than the level at which it had previously operated.

Risks Relating to an Investment in a Fund.

Absence of Regulatory Oversight

While the Funds for which the Firm will perform investment advisory and/or management services may be considered similar to investment companies, no Fund will be required to, nor will it, register as an investment company under the Investment Company Act or the laws of any jurisdiction and, accordingly, the provisions of such statutes (which may provide certain regulatory safeguards to investors) will not be applicable.

"Master-Feeder" Structure

Certain Funds invest through a "master-feeder" structure, which presents certain unique risks to investors in such Funds. For example, a smaller feeder fund investing in the master fund may be materially affected by the actions of a larger feeder fund investing in the master fund.

Liquidity, Restrictions on Transfers and Distributions

The interests in the Funds will be illiquid and have significant limitations on transferability. Voluntary withdrawals from the Funds are not expected to be permitted. Other than during a harvest period, the Firm will generally determine the amount and timing of distributions to Fund investors and there can be no guarantee of the amount or timing of any returns to such investors.

Failure to Make Capital Contributions

If one or more investors in a Fund fails to pay when due installments of its capital commitment, such Fund could be rendered unable to acquire investments or otherwise pay its obligations when due. As a result, such Fund would be subjected to significant penalties that would materially adversely affect the returns of the investors. If an investor defaults, such investor would be subject to various remedies, including, without limitation, forfeiture of its capital account balance and a forced sale of its interests at a reduced value.

No Ability to Make Decisions

Investors in Funds will have no authority to make investment decisions on behalf of the Fund.

Lack of Operating History

Each Fund will be a newly formed entity that does not have any prior operating history of its own for prospective investors to evaluate prior to making an investment in the Fund. Although the principals of the Firm have extensive prior investment management experience, the Firm (together with its affiliates) is a newly formed enterprise without a prior history in managing or administering private investment funds. The Funds' investment programs should be evaluated on the basis that there can be no assurance that the Firm's assessment of the short-term or long-term prospects of investments will prove accurate or that such Fund will achieve its investment objective.

Leverage and Borrowing Risks

It is anticipated that the Funds will have the power to borrow funds and the Firm intends to employ limited leverage in connection with its investment programs, to fund expenses or as otherwise deemed necessary, desirable or appropriate, including for the purpose of enhancing the Funds' returns. The Funds may also leverage their investment returns with options, short sales, swaps, forwards and other derivative instruments. The exact amount of leverage employed by a Fund may vary from time to time and will be dependent upon the terms and restrictions imposed by the leverage lenders. The Funds may borrow funds from brokers, banks and other lenders to finance its investments, which borrowings may be secured by assets of the Fund, capital contributions and unfunded capital commitments. The use of such leverage can, in certain circumstances, maximize the losses to which the Funds' investments may be subject, and the amount of leverage that the Funds may have outstanding at any time may be significant in relation to its assets. Any event that adversely affects the value of an investment would be magnified to the extent that a Fund is leveraged. The cumulative effect of the use of leverage by a Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund, which would be greater than if the Fund was not leveraged. The access to capital could be impaired by many factors, including market forces or regulatory changes.

In general, the anticipated use of short-term margin borrowings would result in certain additional risks to the Funds. For example, should the assets pledged to brokers to secure a Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund would be required to

either deposit additional funds or assets with the broker, or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a sudden drop in the value of a Fund's assets, the Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements.

The Funds may enter into repurchase and reverse repurchase agreements. When a Fund enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Fund "buys" securities subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a Fund involves certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such case, may involve costs to the Fund.

Risk of Borrowing and Use of Subscription Line Facilities by the Fund

The Funds may fund the making of investments and other capital needs with the proceeds from one or more subscription facilities and may incur further borrowings in accordance with the leverage restrictions applicable to the Funds. While the Firm will seek to incur and manage any such facilities and borrowings prudently, such debt would expose the Funds to refinancing, recourse and other risks. The security for a subscription facility is expected to be comprised of a security interest in the applicable Fund's rights and remedies to unfunded capital commitments including in relation to rights relating to defaulting limited partners and a charge over the Fund's bank accounts; such rights may differ for other borrowings and could be, for example, one or more assets of the Fund (*i.e.*, an asset-backed facility). There is likely to be no limitation on the amount of time any such borrowing may remain outstanding and the interest expense and other costs of any such borrowings would be operating expenses and, accordingly, may decrease net returns of the Funds. The Funds are expected to give certain covenants, representations, guarantees, provide preferential security interests in the Funds' assets (including as set out above the Funds' rights in relation to the capital commitments) to lenders, as well as indemnification agreements in connection with entering into such credit facilities, asset-backed facilities or other borrowing arrangements and the related agreements will include various events of default and mandatory prepayment events. Any breach or trigger of any such provisions or security arrangements or other agreements could cause adverse consequences to a Fund if it is unable to cure or otherwise mitigate such breach or trigger.

The Funds will have no obligation to enter into any borrowing facilities. To the extent that a Fund is unable to enter into a subscription facility or otherwise obtain a subscription line or an asset-backed facility, or the Firm determines that the terms of such facility would not be appropriate for the Fund or otherwise determines not to use such facility or access to such facility otherwise becomes unavailable, the Fund may determine to draw down capital commitments in advance and hold them in reserve in order to make investments, satisfy fees and expenses and other capital needs as such needs arise in the future.

Use of Subscription Facilities May Affect Returns

For administrative convenience and to facilitate portfolio management, the Firm has the discretion to aggregate or "batch" together drawdowns from Fund investors, including those used to pay interest on the Fund's subscription line facilities and other indebtedness, into larger, less frequent capital calls (although actual timing and amounts may vary), and to satisfy the Fund's interim capital needs through the borrowings under such credit facilities and, to the extent available, investment proceeds. There is no limitation on the amount of time any such borrowing may remain outstanding or the frequency with which such borrowings may incur. The interest expense and other costs of any such borrowings will be Fund expenses and, accordingly, may decrease net returns of the Fund. It is expected that interest will accrue on any such

outstanding borrowings at a rate lower than the preferred return for a fund (with the preferred return beginning to accrue when capital contributions to repay borrowings used to fund investments are actually made to the Fund). In light of the foregoing, the Firm may have an incentive to fund the acquisition and ongoing capital needs of investments and a Fund with the proceeds of such borrowings, in lieu of drawing down unfunded commitments on an as-needed basis. This in turn may increase the Fund's internal rate of return or other performance metrics (and correspondingly the Firm's performance compensation), compared to less frequent use of subscription lines by a Fund to fund investments and meet Fund expenses.

Resignation or Removal of the Firm; Successor Manager and/General Partner

The Firm, in its capacity as the investment manager and/or the general partner of each Fund, may resign or be removed in certain circumstances. There can be no assurance that any successor to the Firm upon the resignation or removal of the Firm will have the same level of skill in performing the obligations of the Firm, which could have a material adverse effect on a Fund.

Restrictions on Transfers and Withdrawals

Fund interests have not been and will not be registered under the Securities Act or applicable state securities laws and may not be resold unless an exemption from such registration is available. The Firm will be under no obligation to cause such an exemption (whether pursuant to Rule 144 under the Securities Act or otherwise) to be available. Accordingly, there will be no secondary market for Fund interests and such market is not expected to develop. Transfers of Fund interests will also be subject to numerous restrictions set forth in each Fund's organizational documents and subscription documents. Investors will not have any right to transfer their interests without consent except as set forth in a Fund's organizational documents and will not be permitted to withdraw from the Fund or require the Fund to redeem or repurchase their interests.

Illiquidity of Interests

No market exists for the Fund interests and none is expected to develop. Investment in a Fund requires a long-term commitment, with no certainty of return. Investors may not be able to liquidate their investments prior to the end of a Fund's term. An investment in a Fund is suitable only for certain sophisticated investors who have no need for liquidity in their investment in the Fund.

Delays in Distributions

There may be little or no near-term cash flow available to Fund investors. Distributions to investors may be delayed as a result of payment of a Fund's obligations (including payment of management fees). A portion of a Fund's net income will be required to be paid to the Firm, and the Fund's income and gain, if any, will be further burdened by appropriate reserves and by administrative and other costs. As a result, investors may be credited with profits, and income tax liability may be incurred, even though they do not receive any distributions from the Fund.

Carried Interest

The existence of a carried interest creates an incentive for the Firm to make riskier or more speculative investments on behalf of a client than would be the case in the absence of this arrangement. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property as determined by the Firm. An independent appraisal generally will not be required and is not expected to be obtained.

Dilution from Subsequent Closings

Investors subscribing for Fund interests at subsequent closings will participate in existing investments of the Fund, diluting the interest of existing investors therein. Although later-admitted investors are expected to contribute their *pro rata* share of previously made capital contributions (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair value of a Fund's existing investments at the time such additional investors subscribe for Fund interests.

Diverse Investor Group

Fund investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. As a consequence, conflicts of interest may arise in connection with decisions made by the Firm, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Firm will consider the investment and tax objectives of the Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually.

Co-Investment Opportunities to Certain Clients and/or Fund Investors; Co-Investment Risks

The Firm may make available to certain of its clients and/or Fund investors, including affiliates of the Firm, in each case whom the Firm may select in its sole and absolute discretion, the opportunity to co-invest in certain investments. Such co-investments may be made under such circumstances and in such amounts as the Firm in its sole and absolute discretion determines. The terms of such co-investments may be different from the terms of the investment by a Fund or other client. Fund investors will not have any right to determine or influence the terms of any co-investments. Depending on the structure of these co-investments, a Fund or other client may share major decision-making responsibility with its co-investment partners and therefore may not have the ultimate control over material decisions with respect to these investments. As a result of this lack of ultimate control, co-investments may have a negative impact on a client's or Fund's performance. A client or Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the client or Fund, or may be in a position to take (or block) action in a manner contrary to the client's or Fund's investment objectives. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Fewer than All Interests Offered May be Sold

If fewer than all interests offered are sold, a Fund's investments may be less diversified and the types of investments available to the Fund may be more limited than if a larger portion of the maximum offering proceeds is obtained. This may have an adverse impact on the ability of the Fund to achieve its investment objectives.

Contingent Liabilities Upon Disposition of Investments

In connection with the disposition of a portfolio investment, a client may be required to make representations about such investment. The client also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the

incurrence of contingent liabilities for which the Firm may establish reserves or escrow accounts. In that regard, clients and Fund investors may be required to return amounts distributed to them to fund obligations of the client or Fund, respectively, including indemnity obligations.

Fund Liabilities

Expenses relating to liabilities of a single investment of a Fund may affect the performance of the Fund generally. A liability relating to an investment may arise an indefinite period of time after the consummation of the investment, and some or all of the investors in the Fund at the time that such liability arises may not have participated in the investment giving rise to the liability or may have participated in such investment in a smaller proportion relative to its interest in other investments. Accordingly, Fund investors may be required to bear expenses relating to liabilities of an investment in which they did not participate or in which their participation was limited.

Investors May be Required to Return Distributions

The Firm may require a Fund investor, including a former investor, to return any or all of the distributions made to such investor, subject to certain limitations, if the assets of a Fund are insufficient to satisfy its liabilities, including indemnification obligations.

Reserves

A Fund's general partner, if any, or the Firm may establish reserves for operating expenses (including management fees), Fund liabilities, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of portfolio investments. Inadequate or excessive reserves could impair investment returns to Fund investors. If reserves are excessive, a Fund may decline attractive investment opportunities.

In Kind Distributions

A Fund's general partner, if any, or the Firm may distribute the proceeds of certain of a Fund's investments in kind. Any such distribution could put downward pressure on the price of the issuer's securities. An investor that receives assets other than cash from a Fund may incur costs and delays in converting those assets into cash.

Combination or "Layering" of Multiple Risks May Significantly Increase Risk of Loss. Although the various risks discussed in this brochure are generally described separately, the potential effects of the interplay of multiple risk factors should be considered. Where more than one significant risk factor is present, the risk of loss to a Firm client or Fund investor may be significantly increased.

C. Material Risks of Investments Used in Investment Strategies

The following summary identifies the material risks related to certain types of investments expected to be made for the Firm's clients, but does not intend to identify all possible investments that may be made or all possible risks related to such investments. Further details regarding these risks and other applicable other risk factors may be included in the offering documents of the Funds for which the Firm performs investment advisory and/or management services or in the advisory agreement or other documentation furnished to other clients. Clients, prospective clients, Fund investors and prospective Fund investors are advised to carefully review all risk factors described in such documents. The following is not intended to supersede the material contained in such documents.

General Investment Risks.

Credit Ratings are Not a Guarantee of Quality

Credit ratings of assets represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality or performance. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. If a rating assigned to any client asset is lowered for any reason, no party is obligated to provide any additional support or credit enhancement with respect to such asset. Rating agencies attempt to evaluate the relative future creditworthiness of an obligation and do not address other risks, including but not limited to, liquidity risk, market value or price volatility; therefore, ratings do not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of any asset should be used only as a preliminary indicator of investment quality and should not be considered a completely reliable indicator of investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous assets at a single time or within a short period of time. It is possible that many credit ratings of assets included in or similar to the assets comprising a client account's portfolio will be subject to significant or severe adjustments downward.

Loan Prepayments May Affect the Ability to Invest and Reinvest Available Funds

Loans are generally prepayable in whole or in part at any time at the option of the borrower at par plus accrued unpaid interest. Prepayments on loans may be caused by a variety of factors which are often difficult to predict. Consequently, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, proceeds received upon such a prepayment are subject to reinvestment risk. Any inability of the Firm to reinvest payments or other proceeds in assets with comparable interest rates that satisfy the applicable investment criteria of a client may adversely affect such client. There is no assurance that the Firm will be able to reinvest proceeds in assets with comparable interest rates at favorable purchase prices that satisfy the applicable investment criteria or as to the length of any delays before such investments are made.

The rate of prepayments, amortization and defaults may be influenced by various factors including:

- Changes in borrower performance and requirements for capital;
- The level of interest rates;
- Lack of credit being extended and/or the tightening of credit underwriting standards in the commercial lending industry; and
- The overall economic environment, including any fluctuations in the recovery from the current economic conditions.

The Firm cannot predict the actual rate of prepayments, accelerated amortization or defaults which may be experienced with respect to debt instruments.

Liens Arising by Operation of Law May Take Priority Over a Lien on a Borrower's Underlying Collateral and Impair Recovery in the Event of a Default or Foreclosure

Federal or state law may grant liens on the collateral (if any) securing a loan that has priority over a lender's interest. An example of a lien arising under federal or state law is a tax or other government lien on property of a borrower. A tax lien may have priority over a client's lien on such collateral. To the extent a lien having

priority over a client account's lien exists, such client account's interest in the asset will be subordinate to such lien. If the creditor holding such lien exercises its remedies, it is possible that, after such creditor is repaid, sufficient cash proceeds from the underlying collateral will not be available to pay the outstanding principal amount of such client's investment.

Fraudulent Conveyance and Preference Considerations

Various federal and state laws enacted for the protection of creditors may apply to the purchase of the Firm's clients' investments. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to the incurring of such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital, or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness and such security interest or other lien as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the borrower or could allow the borrower to recover amounts previously paid by the borrower to the creditor (including to the Firm's clients) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, in the event of the insolvency of an issuer of an investment, payments made on a client's investment could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency depending on a number of factors, including the amount of equity of the borrower owned by such client and its affiliates and any contractual arrangement between the borrower, on the one hand, and such client and its affiliates, on the other hand. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, however, a borrower would be considered insolvent at a particular time if the sum of its debts was greater than all of its assets at a fair valuation or if the then-present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its then-existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the incurrence of the loan or that, regardless of the method of evaluation, a court would not determine that the borrower was "insolvent" upon giving effect to such incurrence.

In general, if payments on an investment are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as the Firm's clients) or from subsequent transferees of such payments.

Although the Firm does not intend to engage in conduct that could form the basis for a successful cause of action based upon fraudulent conveyance, preference or equitable subordination, there can be no assurance, as to whether any lending institution or other party from which a client may acquire such indebtedness engaged in any such conduct (or any other conduct that would subject such indebtedness and such client to insolvency laws) and, if it did, as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against such client.

Rising Interest Rates May Render Some Borrowers Unable to Pay Interest

To the extent interest rates on a debt instrument bearing a floating interest rate increases, periodic interest obligations owed by the related borrower will also increase. As prevailing interest rates increase, some borrowers may not be able to make the increased interest payments on underlying debt instruments or

refinance their balloon and bullet debt instruments, resulting in payment defaults. Conversely if interest rates decline, borrowers may refinance their debts at lower interest rates.

Balloon Loans and Bullet Loans Present Refinancing Risk

Balloon and bullet loans involve a greater degree of risk than other types of transactions because they are structured to allow for either small (balloon) or no (bullet) principal payments over the term of the loan, requiring the borrower to make a large final payment upon the maturity of the underlying debt instrument. The ability of such borrower to make this final payment upon the maturity of the debt instrument typically depends upon the borrower's ability either to refinance the debt instrument prior to maturity or to generate sufficient cash flow to repay the debt instrument at maturity. The ability of any borrower to accomplish any of these goals will be affected by many factors, including the availability of financing at acceptable rates to such borrower, the financial condition of such borrower, the marketability of the collateral (if any) securing such debt instrument, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such borrower may not have the ability to repay the underlying debt obligation at maturity, and client accounts that own such debt obligation could lose all or most of the principal of the investment. Given their relative size and limited resources and access to capital, some borrowers may have difficulty in repaying or refinancing their balloon and bullet debt obligations on a timely basis or at all.

Risks Relating to an Investment in Real Estate Equity Generally. Investments in real estate are subject to various risks, including:

- Adverse changes in regional, national or international economic conditions;
- Adverse local market conditions;
- Adverse changes in the underlying value of the investment;
- The financial condition of tenants, buyers and sellers of properties;
- Changes in the terms, amount or availability of debt financing;
- Changes in interest rates, real estate tax rates, the price of insurance and other operating expenses;
- Changes in the costs of labor and materials;
- Energy prices;
- Changes in popularity of property types and locations;
- Environmental laws and regulations;
- Zoning laws and other governmental rules and fiscal policies;
- Governmental regulation and changes thereto that may result in increased costs with respect to investments;
- Environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established;
- Dependence on cash flow;
- Potential limited recourse against prior owners or third parties with respect to unknown liabilities;
- Uninsurable losses;

- Acts of God; and
- Other factors beyond the control of the Firm.

Risks of Specialized Use Real Estate. The performance of specialized use properties, including self-storage facilities, is subject to many of the risks associated with owning and operating other types of real estate; however, unique classes of property may be subject to unique risks. Specialized use properties have limited utility for other potential uses without significant additional capital investment. The cost of such improvements may reduce the amount of cash available for distributions. An attempt to sell a property without such improvements could also result in a lower selling price or otherwise adversely impact the terms of such sale and may also reduce the amount of cash available for distributions. Specialized use properties are also affected by the health of the economy. A tenant's ability to comply with the terms of its lease (including its payment obligations) on a specialized use property may be adversely affected by, among other things, competition within the tenant's industry, a downturn in the business operated by the tenant, growth of competing industries, bankruptcy, and government regulation with respect to the industry. The company's ability to generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, and the company's cash flow and ability to make distributions to its members may be adversely affected by such industry-related risks.

Risks of Life Science Related Real Estate. Life sciences tenants require significant outlays of funds for the research and development and clinical testing of their products and technologies and many of them have a history of recurring losses. The economic environment may significantly impact the ability of these companies to access the capital markets, including both equity financing and debt financing. Federal and state budgetary constraints may adversely affect a tenant obtaining government support of its research and development efforts. If sources of funding are unavailable to support a tenant's research and development activities, the tenant's business may fail. The research and development, clinical testing, manufacture and marketing of tenants' products may require federal, state and foreign regulatory approvals. The approval process is typically long, expensive and uncertain. One or all of their products may fail to obtain the required regulatory approvals on a timely basis or at all. If a product fails to receive the required approvals at any stage of development, it could significantly adversely affect the tenant's entire business.

Medical office buildings and life sciences properties are typically highly customized and may not be easily adapted to non-healthcare related uses. A new or replacement operator or tenant may require different features in a property, depending on that operator's or tenant's particular operations. If a current operator or tenant is unable to pay rent and vacates a property, a client may incur substantial expenditures to modify a property before it is able to secure another operator or tenant. Also, if the property needs to be renovated to accommodate multiple operators or tenants, a client may incur substantial expenditures before it is able to re lease the space. These expenditures or renovations may have a material adverse effect on a client's operations and the ability to make distributions.

Risks of Storage Related Real Estate. The self-storage market contains low barriers to entry. Due to the short-term nature of self-storage leases, storage properties also may be subject to more volatility in terms of supply and demand than other types of properties. In addition, because of the construction utilized in connection with certain self-storage facilities, it might be difficult or costly to convert such a facility to an alternative use. Thus, the liquidation value of these properties may be substantially less than would otherwise be the case if the property were readily adaptable to other uses. Finally, it is difficult to assess the environmental risks posed by such facilities due to tenant privacy, anonymity and unsupervised access to such facilities. Therefore, such facilities may pose additional environmental risks that could adversely affect the value of a client's investments.

Risks of Multifamily Residential Properties. Investments in multifamily residential properties involve particular risks. These risks may affect the value and successful operation of such properties, including: physical attributes of the property such as its age, condition, design, appearance, access to transportation and construction quality; location of the property; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, presence of competing properties; the tenant mix, (such as the tenant population being heavily dependent on workers from a particular business or local industry); and adverse local economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels.

State and local regulations may affect the building owner's ability to increase rent to the level of market rents for an equivalent apartment, government assistance/rent subsidy programs, and the inventory of unsold condominium units in the local market that are being rented until economic conditions in the condominium market improve. If any of such risk factors increase or cited conditions deteriorate, a client's investments in multifamily properties may incur losses. Besides local, state and federal ordinances and regulation that govern the landlord-tenant relationship, some counties and/or municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages approved by a government agency or limited to increases in the consumer price index, or encourage individuals to own rather than lease properties.

Risks of Investments in Troubled Assets. The Firm may make investments in non-performing or other troubled assets, which involve a significant degree of financial risk. For example, under certain circumstances, lenders who have inappropriately exercised control over the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a client and distributions by a Fund may be reclaimed if any such payment or distribution is later determined to have been made in violation of applicable law or a fraudulent conveyance or preferential payment.

Risk of Uninsured Losses on Real Estate. The Firm will attempt to maintain insurance coverage for certain clients against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods, typhoons, hurricanes, pollution, terrorism or acts of war, may be unavailable, available in amounts that are less than the full market value or replacement cost of investments or underlying assets or subject to a large deductible. In addition, there can be no assurance the particular risks, which are currently insurable, will continue to be insurable on an economically feasible basis. Inflation, changes in building codes and ordinances, environmental considerations and other factors might make it infeasible to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by a client might not be adequate to restore its economic position with respect to the affected property.

Risk of Litigation at the Property Level. The acquisition, ownership and disposition of real properties entail certain litigation risks. Litigation may be commenced with respect to a property acquired by a client or its subsidiaries in relation to activities that took place prior to a client's acquisition of such property. In addition, at the time of disposition for an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of the Firm's efforts to maximize sale proceeds. Similarly, buyers of a client's or its subsidiaries' assets may later sue the client under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Risks of Investments in New Development. A client may acquire direct or indirect interests in undeveloped or semi-developed real property, which is initially non-income producing property. To the extent that a client invests in such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include risks relating to the availability, expense and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Firm or the client, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a client's portfolio. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may still experience operating deficits well after the date of completion. In addition, market conditions may change during the course of development, making such investments less attractive than at the time they were commenced.

Risk of Failure to Complete Projects. There is a risk that a client may contract to acquire properties from sellers that fail to complete construction or that do not satisfactorily lease-up newly constructed properties prior to closing. If these situations occur, closing on a property may be delayed until the conditions have been satisfied or the Firm may choose not to proceed with closing on a property. There can be no assurance that steps taken by the Firm to minimize risks of contracting with a nonperforming seller will in all cases protect clients against financial loss. Moreover, to the extent the Firm is not able to purchase properties because of a seller's failure to cause completion thereof, a client may have lost the opportunity to make alternative investments in properties, and there may be a corresponding delay in the investment of client funds.

Risks of Investments in Real Estate Debt. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real-estate related debt investments are subject to a variety of risks, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments. Debt investments have special inherent risks relative to collateral value. In certain circumstances, a client's loans may not be secured by a mortgage, but instead by partnership interests or other collateral that may provide weaker rights than a mortgage. In any case, in the event of default, the source of repayment is limited to the value of the collateral and may be subordinate to other lien holders (and the collateral value of the property may be less than the outstanding amount of the investment). Returns on an investment of this type depend on the borrower's ability to make required payments and, in the event of default, the ability of the loan's servicer to foreclose and liquidate the mortgage loan.

Risk Relating to an Investment in Commercial Mortgage Loans. Clients may hold or (e.g., through investments in commercial mortgage-backed securities) be exposed to commercial mortgage loans. Commercial mortgage loans are generally secured by multi-family or commercial property and are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with residential mortgage loans that are secured by single-family residential property. The ability of a borrower to repay a loan secured by an income-producing property is dependent primarily upon the successful operation of such property. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things, tenant mix, success of tenant businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local

economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances. A commercial property may not readily be converted to an alternative use in the event that the operation of such commercial property for its original purpose becomes unprofitable. In such cases, the conversion of the commercial property to an alternative use would generally require substantial capital expenditures. The liquidation value of any such commercial property may be substantially less, relative to the amount outstanding on the related commercial mortgage loan, than would be the case if such commercial property were readily adaptable to other uses.

Risk of Non-Performing Loans; Foreclosure Process. Real estate loans acquired by a client may be at the time of their acquisition, or may become after origination, participation or acquisition, non-performing for a wide variety of reasons. Non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such real estate loan, replacement “takeout” financing will not be available. Investments in properties operating under the close supervision of a mortgage lender or under bankruptcy or other similar laws are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of a client’s original investment therein. For example, in certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments may be required to be returned if such payment is later determined to have been a fraudulent conveyance or a preferential payment. To the extent that a client purchases partial interests in non-performing loans, the client may not have control over the workout process and the management of the real estate assets. It may be necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by a client. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Risks of Subordinate Debt Investments. To the extent a client makes or acquires subordinated or “mezzanine” debt investments, the Firm does not anticipate having absolute control over the underlying collateral as the client will be dependent on third-party borrowers and agents and will have rights that are subordinate to those of senior lenders. Subordinated or mezzanine debt interests may be in real estate companies and real estate-related companies and properties whose capital structures may have significant leverage ranking ahead of a client’s investment. While the Firm anticipates that client investments will usually benefit from the same or similar financial and other covenants as those enjoyed by the leverage ranking ahead of the client and will usually benefit from cross default provisions, some or all of such terms may not be part of particular investments. The Firm anticipates that they typical security for these types of investments will be pledges of ownership interests, directly and/or indirectly, in a property-owning entity, and in many cases a client may not have a mortgage or other direct security interest in the underlying real estate assets. Moreover, it is likely that a client will be restricted in the exercise of its rights in respect of these types of investments by the terms of subordination agreements between it and the leverage ranking ahead of the client’s capital. Accordingly, the Firm may not be able to take the steps necessary to protect a

client's investments in a timely manner or at all. To protect its original investment and to gain greater control over the underlying assets, the Firm may need to elect to purchase the interest of a senior creditor or take an equity interest in the underlying assets, which may require additional investment by a client.

Risk Relating to an Investment in Structured Products. The Firm may invest client assets from time to time in structured products, including pools of mortgages, loans and other real estate-related interests. These investments may include debt or equity securities issued by a private investment fund that invests, on a leveraged basis, in bank loans, high-yield debt or other asset groups, and/or certificates issued by a structured investment vehicle that holds pools of commercial mortgage loans or other interests. Clients may also invest in credit risk transfer notes that, while not structured products, face similar risks as structured products because they are debt securities issued by governmental agencies but their value depends in part on a pool of mortgage loans. Investments in structured products will be subject to a number of risks, including risks related to the fact that the structured products will be leveraged, and other structural and legal risks related thereto. Utilization of leverage is a speculative investment technique and will generally magnify the opportunities for gain and risk of loss borne by an investor investing in the subordinated debt securities. Many structured products contain covenants designed to protect the providers of debt financing to such structured products. A failure to satisfy those covenants could result in the untimely liquidation of the structured product and a complete loss of our investment therein. In addition, if the particular structured product is invested in a security in which we are also invested, this would tend to increase our overall exposure to the credit of the issuer of such securities, at least on an absolute, if not on a relative basis. The value of an investment in a structured product will depend on the investment performance of the assets in which the structured product invests and will, therefore, be subject to all of the risks associated with an investment in those assets. These risks include the possibility of a default by, or bankruptcy of, the issuers of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other creditors of the issuer of such asset or nullified under applicable law.

Risk of Potential Environmental Liabilities. Under various U.S. federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on a client's return from such investment.

Interest Rate Risks for Real Estate. Clients will have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of a client's portfolio. Changes in the general level of interest rates can affect client income by affecting the spread between the income on its assets and the expense of its interest-bearing liabilities, as well as, among other things, the value of its interest-earning assets, the capitalization rate at which its assets are valued in the market and its ability to realize gains from the sale of investments. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Firm. A client's investment activities maybe be financed with both fixed and floating rate leverage. With respect to its floating rate leverage, a portfolio's performance may be affected adversely if the Firm fails to limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors or other interest rate contracts, or buying and selling interest rate futures or options on such futures. Should the Firm so elect (and it will be under no obligation to do

so), the use of these instruments to hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce a client's earnings and funds available for distribution to its investors and that such losses may exceed the amount invested in such instruments. There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses.

Rental Property Risks. Investments in rental properties, including commercial, residential, self-storage and other rental properties, entail certain risks in addition to the general risks associated with real estate ownership. Rental properties are subject to competition from providers of similar or alternative space who may be able to supply modernized space of similar or superior value at prices equal to or lower than those charged by the property. The quality of individuals hired for positions in each property's operations will be critical to the success of each property's business. It may be difficult to attract, retain and train qualified employees due to the competition for employees with other companies and facilities. Rental properties use significant amounts of electricity, natural gas and other forms of energy. Any substantial increases in the cost of electricity and natural gas in the United States may negatively affect the property's anticipated operating results. The extent of the impact depends on the magnitude and duration of any energy price increases and could be material.

Risks of Harmful Mold and Other Air Quality Issues. When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to radon, airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any investment properties could require a client to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose a client to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

Americans With Disabilities Act and Similar Laws. Under the U.S. Americans with Disabilities Act of 1990, as amended (the "ADA"), all public accommodations in the U.S. must meet U.S. federal requirements related to access and use by disabled persons. If one or more of the properties a client's portfolio does not comply with the ADA, then the client may be required to incur costs to bring the property into compliance, which may or may not have been foreseen at the time of acquisition. Future changes to U.S. federal, state and local laws also may require modifications to investment properties, or restrict a client's ability to renovate its properties. The Firm cannot predict the ultimate cost of compliance with the ADA or other legislation. If a client incurs substantial costs to comply with the ADA and any other similar legislation, the client's financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.

Real Estate Regulations. Governmental authorities at the U.S. federal, state and local levels are actively involved in the promulgation and enforcement of regulations relating to land use and zoning restrictions. Regulations may be promulgated which could have the effect of restricting or curtailing certain uses of existing structures or requiring that such structures be renovated or altered in some fashion. The establishment of such regulations could have the impact of increasing the expenses and lowering the profitability of any of the properties affected thereby. Increased costs resulting from increases in real estate, income or transfer taxes or other governmental requirements generally may not be passed through directly to residents, tenants or lessees, inhibiting the ability of a client to recover such costs. Tenants in certain

jurisdictions benefit from legal protections and customary contractual provisions that generally do not apply elsewhere. For example, in some jurisdictions, a tenant is entitled to seek a rent reduction when market rents decrease, thereby exposing clients to risk of decreasing revenue in a market decline. In some jurisdictions, tenants have the right to terminate leases before the stated term ends. Residential tenants in some jurisdictions may benefit from rent control programs that reduce the ability of an owner to raise rents. In others, retail leases are subject to special tenant-friendly rules. In some instances, these regulations may change during the lifespan of an investment, which may reduce the value of such investment. Finally, even when an owner of real estate has clear legal rights, the judiciary may fail to uphold those rights. All of these considerations significantly increase the risk of holding a real estate asset.

Financial Conditions of Tenants. Adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on a client's ability to collect rent payments and, accordingly, on its ability to make distributions to its investors. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in distributions to clients. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if they do, that their leases will continue in effect.

Reassessment and Transfer Tax. To the extent that an interest in real property is transferred in connection with the offering of interests in a Fund or a secondary offering, or the ownership is assigned, transferred, financed or restructured in the ordinary course of business of a Fund and its subsidiaries, certain state and local jurisdictions may (i) seek to reassess the underlying real property, which may result in higher ad valorem property taxes and/or (ii) impose a stamp, recording, deed or other transaction-based tax on such transaction.

Item 9. Disciplinary Information

Neither the Firm nor any of its managers, officers or principals has been involved in any criminal or civil action in a domestic, foreign or military court that is material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of the Firm's management.

Neither the Firm nor any of its managers, officers or principals has been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither the Firm nor any of its managers, officers or principals has been involved in any self-regulatory organization proceedings.

Item 10. Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registrations

Neither the Firm nor any of its managers, officers or principals is registered, or has an application pending to register, as a broker-dealer or registered representative of a broker-dealer.

B. CFTC Registrations

Neither the Firm nor any of its managers, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or commodity trading advisor, or is an associated person of any of the above.

C. Affiliates

The Firm is affiliated with the following advisers, firms, broker-dealers and insurance companies, although the Firm does not believe at this time that its affiliation with any of them creates a material conflict of interest with respect to the Firm's clients:

- 1851 Securities, Inc.
- AIC Credit Opportunities Partners Fund II GP, L.P.
- GGC Opportunity Fund Management, L.P.
- Golden Gate Private Equity Inc.
- Lynbrook Re, Inc.
- Magni Re Ltd.
- Nassau Alternative Investments LLC
- Nassau Global Credit LLC
- Nassau Global Credit GP LLC
- Nassau Global Credit (UK) LLP
- Nassau Life and Annuity Company
- Nassau Life Insurance Company
- Nassau Life Insurance Company of Kansas
- Nassau Private Credit LLC
- Nassau Private Credit GP LLC
- Nassau Re (Cayman) Ltd.
- NGC CLO Manager LLC
- NPC Credit Opportunities Fund GP, LLC
- PHL Variable Insurance Company
- Sunrise Re, Inc.

The Firm has entered into a shared services agreement (the “*Shared Services Agreement*”) with Shared Services Providers pursuant to which the Shared Service Providers and their agents perform certain back-office, credit analysis and reporting functions among other functions that are delegated to them by the Firm. In performing its services, the Firm depends, in large part, upon the skill and expertise of certain personnel of the Shared Service Providers that are made available to the Firm pursuant to the Shared Services Agreement who are responsible for the day-to-day operations and management of the Firm and who provide services to other affiliates of the Firm as well as to the Firm.

D. Other Investment Advisers

The Firm does not recommend or select other investment advisers for its clients, nor does the Firm have other business relationships with advisers that create material conflicts of interest.

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

A. Code of Ethics

The Firm has adopted a Code of Ethics, which is designed to comply with SEC requirements. The purpose of the Code of Ethics is to identify the ethical and legal framework in which the Firm and its personnel are required to operate and to highlight some of the guiding principles and mechanisms for upholding the Firm's standard of business conduct. The Firm's Code of Ethics is designed to ensure that all applicable personnel are aware of and adhere to the Firm's policies and procedures. The description below is a

summary only. The Firm will provide a complete copy of its Code of Ethics to clients and prospective clients.

Standard of Business Conduct. The Firm and its personnel have a fiduciary duty to the Firm's clients, and in this fiduciary capacity, the Firm must place the interests of its clients before the Firm's own interests.

Basic Principles. The Firm's Code of Ethics is based on a few basic principles: (i) the Firm and its personnel must place the interests of the Firm's clients above their own; (ii) the professional activities and personal investment activities of the Firm's personnel must be consistent with the Code of Ethics and avoid any actual or potential conflict between the interests of clients and those of the Firm or its personnel; (iii) the activities of the Firm's personnel must be conducted in a way that avoids any abuse of any such person's position of trust with and responsibility to the Firm and its clients; (iv) the Firm's personnel must not take any inappropriate advantage of their positions with the Firm; (v) the Firm must maintain independence in its investment decision-making process; and (vi) the Firm's personnel may not engage in any act, practice or course of conduct that would violate the provisions of Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "***Advisers Act***"), and other applicable securities laws.

Conflicts of Interest. As a fiduciary, the Firm has an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. The Firm makes every effort to avoid conflicts of interest and fully disclose all material facts concerning any conflict of interest that may arise with respect to any of its clients. The Firm stresses that individuals subject to its Code of Ethics must try to avoid situations that have even the appearance of conflict or impropriety.

Insider Trading. The Firm's personnel may not trade, either personally or on behalf of another, on material non-public information or communicate material non-public information to another person in violation of the law. This policy applies to all of the Firm's personnel and extends to their activities both within and outside their duties for the Firm. The Firm has also implemented policies and procedures designed to detect and prevent insider trading.

Personal Securities Transactions. All personnel must comply with the Firm's policy on personal trading. Except with respect to certain excepted personnel, securities (including, indices, mutual funds, exchange-traded funds and certain government securities) and/or accounts for which a person does not exercise investment discretion, personal securities transactions by the Firm's personnel must be pre-approved by the Firm's Chief Compliance Officer (the "***Chief Compliance Officer***").

Holdings and Transactions Reports. Every employee and access person must submit both initial and annual holdings reports to the Chief Compliance Officer that disclose all covered securities held in any personal account. Every employee and access person must also submit a quarterly transaction report to the Chief Compliance Officer for each covered securities transaction in any personal account.

Service as a Director. The Firm's personnel are prohibited from serving on the boards of directors of any outside company, unless the service (i) would be in the best interests of the Firm or its clients and (ii) has been approved in writing by the Chief Compliance Officer; provided that the Firm's personnel will not be required to obtain prior written approval for service on the boards of directors of charitable or civic organizations. In addition, any Firm personnel serving on the board of a private company which is about to go public may be required to resign either immediately or at the end of the current term.

Reporting of Violations. The Firm has implemented policies and procedures whereby its personnel are required to report any violation, apparent violation or potential violation of the Firm's Code of Ethics to the Chief Compliance Officer.

Review and Enforcement. The Chief Compliance Officer is responsible for ensuring adequate supervision over the activities of all persons who act on the Firm's behalf in order to prevent and detect violations of the Firm's Code of Ethics by such persons.

B. Material Financial Interest in Client Transactions

Generally, neither the Firm nor any related person of the Firm recommends to the Firm's clients, or buys or sells for the Firm's clients, securities in which the Firm or a related person of the Firm has a material financial interest, except (i) investments by co-investment vehicles in investments currently or proposed to be invested in by other Firm clients or (ii) co-investments of which the equity sponsor is affiliate with Golden Gate Private Equity Inc. or one of its investment management subsidiaries (collectively, "**GGC**"). The purchase, holding and sale of such investments may enhance or diminish the profitability of investments of the Firm and/or its affiliates, including NAM or GGC, and the interests of such affiliate's clients may conflict with those of the Firm and/or its affiliates. The Firm and its affiliates will endeavor to treat each of their respective clients equitably and fairly.

C. Participation in Client Transactions

The Firm and its affiliates and their respective clients and personnel may invest, or have already invested, in securities or other financial instruments that are senior or junior to securities or financial instruments of the same issuer that the Firm may cause a client to invest in. The Firm recognizes that conflicts may arise under such circumstances and will endeavor to treat each of the Firm's clients fairly and equitably. Prior to the Firm's causing a client to make such an investment, the Firm's Chief Executive Officer will review the potential investment to determine if an actual conflict of interest exists or is reasonably likely to occur in the near term. To address potential conflicts that may arise or to ensure that potential conflicts are not likely to occur, the Chief Executive Officer may take such actions as he deems appropriate under the circumstances. Among other things, the Chief Executive Officer may recommend (solely by way of example and not of limitation) (i) that each affected client be informed of the potential conflict, and (ii) that each client be offered the opportunity to approve the investment.

D. Transactions Simultaneous with Client Transactions

Generally, neither the Firm nor any related persons of the Firm will recommend securities to the Firm's clients, or buy or sell securities for the Firm's clients, at or about the same time that the Firm or a related person buys or sells the same securities for the Firm's own (or the related person's own) account, except when exceptions are made under limited circumstances.

From time to time, subject to client or investment guidelines and restrictions, the Firm may be authorized to direct one of its clients to sell investments to another of the Firm's clients through an internal cross transaction in which the Firm will receive no compensation. In most cases, an independent pricing mechanism will be used to ensure objectivity. However, there could be times in which that pricing mechanism is not feasible or fair to the Firm's clients, in which case the Firm will seek some pricing mechanism that is fair to both such clients.

To the extent that any such transaction may be viewed as a principal transaction due to the ownership interest in the client by the Firm and its personnel, the Firm will comply with the requirements of Section 206(3) of the Advisers Act, and provide written notification to such client and obtain client consent either prior to the principal transaction or prior to its settlement.

In addition, the Firm may give advice or take action with respect to investments of one or more of its clients that may not be given or taken with respect to other clients with similar investment programs, objectives

and strategies. Accordingly, the Firm's clients with similar investment strategies may not hold the same investments or achieve the same performance. The Firm may also advise clients with conflicting programs, objectives or strategies. These activities may adversely affect the prices and availability of other investments held or potentially considered for one or more clients.

From time to time, the Firm may acquire securities or other financial instruments of an issuer for one of its clients which are senior or junior to securities or financial instruments of the same issuer that are held by, or acquired by, another of the Firm's clients. The Firm recognizes that conflicts may arise under such circumstances and will endeavor to treat all of its clients fairly and equitably.

Item 12. Brokerage Practices

A. Selection of Broker-Dealers

The Firm has full authority to select broker-dealers to execute its clients' investment transactions. If applicable, the Firm allocates a portion of each client's brokerage business to such brokers on the basis of certain considerations, which may include:

- The amount of commission;
- The quality of execution;
- Reputation, financial strength and stability;
- Block trading and block positioning capabilities;
- Willingness to execute difficult transactions;
- Willingness and ability to commit capital;
- Access to underwritten offerings and secondary markets;
- Ongoing reliability;
- Overall costs of a trade;
- Nature of the security and the available market makers;
- Desired timing of the transaction and size of trade;
- Confidentiality of trading activity; and/or
- Market intelligence regarding trading activity.

Although the Firm seeks competitive rates, it may not necessarily obtain the lowest possible commission for client account transactions. The commissions and/or transaction fees charged by a broker-dealer may be higher or lower than those charged by other broker-dealers.

Neither the Firm nor any related person receives client referrals from any broker-dealer or third party that provides brokerage services to the Firm's clients, except in the case of the solicitation and introduction services described in Item 14(B) below.

At this time the Firm is not a party to, and does not anticipate entering into, any formal "soft dollar" arrangements. However, one or more of the Firm's clients may permit the Firm to use "soft dollars" generated by such clients to pay for the research related services. In the event that the Firm utilizes allocations of commission dollars, it would do so solely to pay for products or services that qualify as

“research and brokerage services” within the “safe harbor” of Section 28(e) of the Securities Exchange Act of 1934, as amended.

B. Aggregation of Orders

From time to time, the Firm places, as an aggregated order for execution, orders for publicly traded securities at the same time for the accounts of two or more of its clients. This practice enables the Firm’s clients to seek more favorable executions and net prices for the combined order. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day are generally allocated *pro rata* among the participating clients in accordance with the initial amounts ordered by each client. However, the *pro rata* allocation may be adjusted, such as to avoid having odd amounts of shares held in any client’s account, to avoid deviations from any pre-determined minimum/maximum holdings limits established for any client, or to facilitate the ramping of a newly issued Fund. Each client that participates in the order shall do so at the average price for all the transactions and shall share in commissions or other transaction costs on a *pro rata* basis.

Item 13. Review of Accounts

The Firm reviews client portfolios on a continuous basis.

Item 14. Client Referrals and Other Compensation

A. Non-Client Economic Benefits

The Firm does not, nor do any of its principals or employees, receive any economic benefit from non-clients for providing advisory services to the Firm’s clients.

B. Compensation for Client Referrals

The Firm currently has arrangements with third party firms in which it compensates such third party firms for the solicitation and introduction of potential investors to Funds (including certain special purpose vehicles) managed by the Firm as well as potential clients with respect to certain separately managed accounts offered by the Firm. Such arrangement is governed by a written agreement between the Firm and such third party firms, which (among other things) sets forth the manner and amount of compensation paid by the Firm for the introduction of qualifying investors or clients. To the extent such arrangement involves or implicates Rule 206(4)-3 under the Advisers Act, it is conducted in a manner that is consistent with the applicable requirements of that rule and relevant SEC guidance.

Item 15. Custody

Although the Firm does not have custody of certificated securities (which are typically custodied by the Firm’s clients’ third-party custodian), the Firm is deemed to have custody over the assets of the Funds according to the custody rule set forth in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended. The Firm will comply with such custody rule by providing audited financial statements of each Fund to investors in such Fund client within 120 days of the end of the fiscal year to satisfy the reporting requirement.

Item 16. Investment Discretion

The Firm has been provided with discretionary authority to manage the Funds as set forth in, and limited by, the terms and conditions of the relevant advisory agreement, offering document, organizational agreement or other governing documents of the Funds.

Item 17. Voting Client Securities

The Firm has been provided with authority to vote proxies relating to securities in certain client accounts. Accordingly, the Firm has adopted policies and procedures governing the voting of proxies that include the elements set forth below.

General Policy. The general policy is to vote proxies, which includes proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, in a manner that serves the best interests of the investing client(s), as determined by the Firm in its discretion, and taking into account relevant factors, including, but not limited to:

- The impact on the value of the securities;
- The anticipated costs and benefits associated with the proposal;
- The effect on liquidity; and
- Customary industry and business practices.

Specific Policies. Specific policies set forth in the Firm's policies and procedures include:

- Routine matters are typically proposed by company's management, directors, general partners, managing members or trustees and (i) do not measurably change the structure, management, control or operation of the company; (ii) do not measurably change the terms of, or fees or expenses associated with, an investment in the company; and (iii) are consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company. For routine matters, the Firm will vote in accordance with the recommendation of the company's management, directors, general partners, managing members or trustees, as applicable, unless, in our opinion, such recommendation is not in the best interests of the investing client(s).
- Non-routine matters involve a variety of issues and may be proposed by a company's management or beneficial owners, and may involve (i) a measurable change in the structure, management, control or operation of the company; (ii) a measurable change in the terms of, or fees or expenses associated with, an investment in the company; or (iii) a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company. The Firm has specific proxy voting policies for non-routine matters, and in some cases, the Firm votes on a case-by-case basis.

Abstaining from Voting or Affirmatively Not Voting. The Firm will abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if the Firm determines that abstaining or not voting is in the best interests of the investing client(s). In making such a determination, we will consider various factors including, but not limited to, (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. Furthermore, the Firm will not abstain from voting or affirmatively decide not to vote merely to avoid a conflict of interest.

Conflicts of Interest. At times, conflicts may arise between the interests of the investing client(s), on the one hand, and the interests of the Firm or its affiliates, on the other hand. If the Firm determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, we will address matters involving such conflicts of interest as follows:

- If a proposal is addressed by the specific policies in these procedures, the Firm will vote in accordance with such policies.
- If we believe it is in the best interest of the investing client(s) to depart from the specific policies provided for in these procedures, the Firm will be subject to the requirements of the third and fourth bullet points below, as applicable.
- If the proxy proposal is (i) not addressed by the specific policies or (ii) requires a case-by-case determination by the Firm, we may vote such proxy as we determine to be in the best interest of the investing client(s), without taking any action described in the fourth bullet point below, provided that such vote would be against the Firm's own interest in the matter (*i.e.*, against the perceived or actual conflict).
- If the proxy proposal is (i) not addressed by the specific policies or (ii) requires a case-by-case determination by the Firm, and (iii) we believe we should vote in a way that may also benefit, or be perceived to benefit, the Firm's own interest, then the Firm must take one of the following actions in voting such proxy:
 - Delegate the voting decision for such proxy proposal to an independent third party;
 - Delegate the voting decision to an independent committee of partners, members, directors or other representatives of the investing client, as applicable;
 - Inform the investing client of the conflict of interest and obtain consent to vote the proxy as recommended by the Firm; or
 - Obtain approval of the decision from the Chief Compliance Officer and third-party legal advisors.

A complete copy of the Firm's policies and procedures governing the voting of proxies, together with information regarding how we voted particular proxies, will be provided to clients and prospective clients upon request.

Item 18. Financial Information

The Firm does not require, nor does it solicit, prepayment of more than \$1,200 in fees per client, six months or more in advance.

The Firm has never been the subject of a bankruptcy petition.