



# ANDALUSIAN

## PRIVATE CAPITAL

### INVESTMENT ADVISER BROCHURE

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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Andalusian Private Capital, LP (“Andalusian”). If you have any questions about the contents of this Brochure, please contact us at 646-908-6030. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

Andalusian Private Capital, LP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Andalusian Private Capital, LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **MATERIAL CHANGES**

This Item of the Brochure will discuss certain changes that Andalusian believes are material changes since our last annual update and provide clients with a summary of such changes. The last annual update of our brochure was March 29, 2024. In addition, Andalusian makes routine updates throughout the Brochure to improve and clarify the description of its business practices and to respond to evolving industry practices.

This amendment to the Brochure reflects certain clarifying or updating changes to disclosures relating to fees and compensation, allocation of expenses, investment vehicle governance, risk factors and potential conflicts of interest, financial industry affiliations and Andalusian's business practices and regulatory assets under management.

## **ADVISORY BUSINESS**

Andalusian Private Capital, LP, a Delaware limited partnership and a registered investment adviser, provides investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. Andalusian provides investment advisory services to private investment funds ("Fund" or "Funds") that it sponsors, and whose investor base is principally drawn from certain individual and institutional investors ("Program Participants", and together with the Funds, "Clients") who have entered into investment program agreements with Andalusian ("IPAs") for the presentation of investment opportunities sourced by Andalusian and made available to Program Participants through the Funds (the "Program").

The Funds are private equity funds structured as special purpose vehicles (each an "SPV"), and which invest through negotiated transactions in a single operating entity or limited number of operating entities, generally referred to herein as "portfolio companies." Andalusian's investment advisory services to the Clients consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. Where such investments consist of portfolio companies, the senior principals or other personnel of Andalusian or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Andalusian's advisory services to the Clients are detailed in the relevant private placement memoranda or other offering documents (each, a "Memorandum"), investment management agreements, limited partnership or other operating agreements (each, a "Partnership Agreement" and together with the IPAs, the "Governing Documents") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Program Participants and other investors who invest in the Funds (generally referred to herein as "investors" or "limited partners") participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; such arrangements generally do not and will not create an adviser-client relationship between Andalusian and any investor. The Funds or their respective general partner entities, together with

any future affiliated general partner entities, (“General Partners”) generally enter into side letters or other similar agreements (“Side Letters”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors. Additionally, as part of certain strategic relationships with significant investors in its Program, Andalusian provides such investors with advantageous terms of investment, including preferential investment governance rights pursuant to the relevant Governing Documents of a Fund or any special purpose or intermediary vehicles that are established to facilitate an investment (which, for the avoidance of doubt, will be established in select circumstances for strategic investors). Program Participants generally retain the discretion to determine whether and in what amounts to participate (within certain *pro rata* and other applicable investment thresholds, as further described in the IPAs and Governing Documents) in the Funds, though in certain instances Andalusian has the authority under the applicable IPA to issue capital calls on behalf of a Fund for a portion of a Program Participant’s commitment to the Program.

Additionally, as permitted by the Governing Documents, Andalusian expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective Clients and other third parties. Such co-investors are expected to include market participants, finders, consultants and other service providers, as well as portfolio company management or personnel and other investment vehicles sponsored by, or associated with, certain Program Participants. Co-investors are further expected to include Andalusian’s personnel and/or certain other persons associated with Andalusian and/or its affiliates (*e.g.*, a vehicle formed by Andalusian’s principals to co-invest alongside a particular Fund’s transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Client) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Client investor capital contributions and/or use of an SPV credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund’s initial purchase. Where appropriate, and in Andalusian’s sole discretion, Andalusian reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

Andalusian is a private investing group headquartered in New York, New York. The firm has a flexible investment mandate focused on broad market themes across diverse sectors and industries. Andalusian was co-founded by Jeffrey Kaplan and Nicholas Savasta. The firm was launched with its Founding Investor, David Tepper, in July 2020. Jeffrey Kaplan serves as President and Nicholas Savasta serves as Vice Chairman. The general partner of Andalusian Private Capital LP is Andalusian Private Capital GP, LLC, a Delaware limited liability company. The principal owners of Andalusian Private Capital LP are identified in Schedules A and B of Andalusian’s Form ADV Part 1A. As of September 30, 2024, Andalusian manages

\$1,007,274,600 in “non-discretionary” assets attributable to commitments made by Program Participants to the Program, and \$696,578,000 in discretionary assets which are predominately attributable to the Funds.

## **FEES AND COMPENSATION**

In general, Andalusian receives an advisory fee from Program Participants in connection with its operation of the Program and carried interest in connection with its management of the Funds. In certain circumstances Andalusian or its affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation is not expected to be offset in whole or in part the advisory fees otherwise payable to Andalusian in accordance with the Governing Documents. Investors in a Fund also bear certain expenses, and the allocation of expenses in accordance with Andalusian’s expense allocation policies and procedures is further addressed in the “Methods of Analysis, Investment Strategic and Risk of Loss” and “Other Financial Industry Activities and Affiliations” sections of this Brochure.

### **Program Fees and Payment of Fees**

Program Participants generally pay Andalusian an advisory fee (the “Program Fee”) equal to 1.75% on a quarterly basis of the sum of (i) aggregate capital commitments to the Program that have not been committed to a Fund, as well as any reserves for anticipated liabilities, obligations and commitments and (ii) aggregate capital contributions by such Program Participant in respect of one or more Funds. Additionally, certain fees and other compensation are paid to Andalusian by the Funds upon the successful closing of transactions by such Funds, which in turn will be borne by Program Participants. To the extent permitted by a Client’s Governing Documents, Andalusian or another of its affiliates, as applicable, reserve the right to receive certain supplemental fees and other amounts (“Supplemental Fees”) which are not expected to be credited against Program Fees or any other fees owed by a Program Participant or Fund to Andalusian, and which consist of: (i) management services or advisory consulting fees paid by any portfolio company; (ii) transaction and break-up fees paid by any portfolio company; (iii) directors’ fees; and (iv) other designated net fee payments received by Andalusian from portfolio companies or prospective portfolio companies. Any such Supplemental Fees will be retained by Andalusian or another of its affiliates.

As a matter of practice, Andalusian is typically paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment, as well as other fees relating to the structuring and administration of co-investment arrangements. The receipt of such fees will not reduce Program Fees or other fees payable by Program Participants and/or by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion on a fully diluted basis of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments; or (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by Andalusian, service providers, third parties, current or former portfolio company management or personnel and/or others); or (iii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management, which have the potential to be significant.

## **Carried Interest**

In addition to the Program Fees, Andalusian will receive a carried interest with respect to the Funds equal to 20% of all realized profits, as more fully described in the Governing Documents. The carried interest distributed to Andalusian is subject to a potential clawback or giveback at the end of life of a Fund if Andalusian has received excess cumulative distributions and at certain interim intervals as provided in the Governing Documents. It is expected that any future Funds will have a similar fee structure.

## **Other Information**

Andalusian reserves the right to exempt certain “affiliated partner” Program Participants, investors in the Funds and/or the Funds from payment of all or a portion of Program Fees and/or carried interest, including Andalusian and any other person designated by Andalusian, such as “friends and family” of Andalusian or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The General Partner reserves the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by Andalusian and/or its affiliates, or through other Funds that co-invest with a Fund. For example, in instances where an Andalusian professional (or an affiliated entity thereof) invests in the Program or a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Program Fee and carried interest with respect to the Program and/or such Fund. Additionally, to the extent permitted by the Governing Documents, Andalusian reserves the right to permit investors, affiliated with Andalusian or otherwise (including investors who are Program Participants), to invest through the relevant General Partner or other vehicles that do not bear Program Fees or carried interest. Andalusian retains flexibility to structure its compensation from Program Participants and investors and expects in certain circumstances to agree to invoice an investor directly for Program Fees or other compensation, rather than deducting such amounts from the investor’s capital account(s).

The Program, and by extension the Funds, generally invest on a long-term basis. Accordingly, Program Fees and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds. Principals or other current or former personnel of Andalusian generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Program Fee, carried interest or other compensation received by Andalusian or its affiliates.

In addition to the Program Fee and carried interest payable to Andalusian, each Program Participant and Fund bears certain expenses. As set forth more fully in the Governing Documents, the Funds are expected to bear all fees, costs, expenses, liabilities and obligations relating to such Fund’s (and its subsidiaries’ and intermediate entities’) activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce applicable Program Fees. Program Participants further bear certain expenses in connection with the ongoing operation of the Program, as further detailed in the relevant IPA. A Fund is expected to bear all fees, costs, expenses, liabilities and obligations relating to the Fund’s (and its subsidiaries’ and intermediate entities’) activities, investments and business to the extent not reimbursed by a

portfolio company, including costs and expenses attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of such Fund's investments, legal, filing, accounting, auditing, investment banking, travel, consulting, research, brokerage, finder's fees, financing, real estate title, appraisal, printing, reporting, custody, depositary, transfer, registration, insurance, advisory board, limited partner meetings and related meal and entertainment expenses, interest, taxes, extraordinary expenses and other similar fees and expenses. Separately, pursuant to the provisions of the IPA, Program Participants are expected to bear such fees and expenses, break-up or topping fees or other liabilities or obligations, incurred for transactions not consummated ("Broken Deal Expenses"), including Broken Deal Expenses relating to transactions that have been offered to co-investors. Except where the relevant Governing Documents or Side Letter(s) expressly provide to the contrary, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among Program Participants who indicated their intention to commit to a Fund. Certain expenses related to structuring, organizing, and acquiring a Fund's investments are expected to include organizational expenses associated with the formation and operation of intermediary structuring and/or acquisition vehicles underneath a Fund, which in select circumstances will also be established to facilitate an investment by certain Program Participants (including those with whom Andalusian has a strategic relationship) in an investment of a Fund. Program Participants are expected to bear the organizational expenses associated with such intermediary structuring and/or acquisition vehicles, and where Program Participants are invested in such sub-Fund intermediary structuring and/or acquisition vehicles in lieu of an investment in the Fund, Program Participants are expected to bear the portion of the organizational expenses associated with their proportional ownership of such intermediary structuring or acquisition vehicle.

The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Andalusian and/or its affiliates. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. Excluded from Fund expenses are ordinary administrative and overhead expenses of the General Partners incurred in connection with managing, originating and monitoring investments, including rent, utilities and other similar expenses specified in the Governing Documents. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including without limitation legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in

connection with services the benefit of which are received by other Funds and/or co-investors over time) and be reimbursed by the other Funds by their share of such expenses or obligations, without interest. While Andalusian believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Andalusian, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate. The General Partner reserves the right to agree with operating partners, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant Fund in that it does not involve an initial cash outlay for the payment of expenses, and could be further more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits, participation or equity interest generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation, which in either case could be substantial.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Andalusian's related policies and the Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by Program Participants, and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed definitive documentation to invest in such transaction, such co-investor is expected to bear its pro rata share of such Broken Deal Expenses.

Andalusian and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Andalusian and/or its affiliates on the other hand.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "Fees and Compensation," the relevant General Partner receives a carried interest allocation on certain realized profits in the Funds. Andalusian reserves the right to waive carried interest with respect to certain "affiliated partners". Andalusian may in the future manage accounts that are not charged performance-based compensation, or are charged performance-based compensation in lower percentages or with higher preferred return amounts



that must be met before Andalusian is compensated. This practice could present a conflict of interest because Andalusian has an incentive to favor accounts for which it receives the highest performance-based compensation.

Andalusian seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Clients on a fair and equitable basis over time in accordance with each Client's investment guidelines and Governing Documents.

The existence of performance-based compensation has the potential to create an incentive for the General Partner to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement, although Andalusian generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

### **TYPES OF CLIENTS**

Andalusian provides investment advice to the Program Participants pursuant to the applicable IPAs. Andalusian also provides investment advice to the Funds, whose investment capital is principally drawn from commitments made by Participants in the Program (and who generally make commitments to the Funds at different levels of the particular SPV structure). The Funds generally include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. Program Participants and investors participating in the Funds generally include high net-worth individuals, family offices, other investment entities (including those associated with, or sponsored by, Program Participants), university endowments, sovereign wealth funds, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, principals or other personnel of Andalusian and its affiliates and members of their families, operating partners and senior advisors or other service providers retained by Andalusian or a Fund.

The relevant General Partner also generally is permitted to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The Program and Funds may have a minimum investment amount for third-party investors, and Fund interests are offered and sold solely to either qualified purchasers or accredited investors that are also qualified clients (or qualified knowledgeable Andalusian personnel). Andalusian generally is permitted to waive such minimum investment amount.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### General

Andalusian is a private investment firm focused on making control and non-control investments in proprietary deals across a variety of themes and sectors, including out-of-favor industries, special situations, recapitalizations, shareholder activism, sports and media, growth opportunities and other areas of the private market. Andalusian's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly in non-public companies, although investments in public companies are permitted. Once an investment opportunity has been identified, Andalusian seeks to implement an effective operating strategy to improve the performance of the acquired company by (i) developing restructuring and operating plans, (ii) building the management team and (iii) providing significant resources to portfolio companies.

There can be no assurance that Andalusian will achieve the investment objectives of any Fund and a loss of investment is possible.

### Investment and Operating Strategy

*Deal Sourcing and Due Diligence.* Andalusian markets its investment criteria to its deal source network with frequent mailings, telephone calls, public relations, conference attendance and meetings. Once a potential investment is identified, Andalusian develops an investment thesis and, through a detailed due diligence process, seeks to verify such thesis and investigate the major business risks. As part of its diligence process, Andalusian completes a detailed analysis of an industry including contacting a target company's customers and vendors, trade organizations, Andalusian's contact network and, in certain instances, industry consultants.

*Develop Restructuring and Operating Plan.* Senior members of the professional and operating staff of Andalusian and its affiliates develop a restructuring and operating plan prior to the close of each transaction focusing on the target's strengths, weaknesses, competitive position, industry trends and other relevant factors.

*Build Management Team.* Andalusian may supplement or replace the management team at a new portfolio company or advise the existing management team on ways to improve performance. Andalusian and its affiliates may search for highly qualified senior managers and identify qualified candidates prior to making the next investment. In certain instances, operating professionals of Andalusian or its affiliates will fill key management roles (including chief executive officer or chief financial officer) on an interim basis immediately following closing until a professional management team can be assembled.

*Maintain Active Involvement in Portfolio Companies.* Andalusian aims to act decisively with respect to newly acquired portfolio companies where it has control and may aim to make significant changes to the company within the first three to six months after acquisition. Thereafter, Andalusian stays actively involved in the management of portfolio companies where it has control or influence.

*Internal Growth and Add-on Acquisitions.* Once the above strategies have been implemented, Andalusian will often seek to utilize the portfolio company's cash flow, equity value and borrowing capacity to accelerate growth through new product and market opportunities and add-on acquisitions.

*Exit Strategy.* Once the portfolio company has restored a track record of sales growth and consistent profitability, Andalusian will consider appropriate exit strategies, including the sale to a strategic or financial buyer, an initial or secondary public offering or a recapitalization. Factors considered include the company size, company growth rate, industry and competitive dynamics, banking market conditions and capital market conditions.

## **Risks of Investment**

Each Client and its investors bear the risk of loss that Andalusian's investment strategy entails. The risks involved with Andalusian's investment strategy and an investment in a Fund include but are not limited to the risks outlined below. Risk factors below describing the risks applicable to a Fund may also be applicable to any Account managed by Andalusian:

*Business Risks.* A Fund's investment portfolio is expected to consist primarily of securities issued by non-public troubled companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk which can result in substantial losses. Indeed, investments in troubled companies involve a higher degree of risk than other investments.

*Concentration of Investments.* Each Fund will participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment or within a short period of time) and, as a consequence, the aggregate return of a Fund may be materially affected by the performance of a single investment or a single industry segment.

*Lack of Sufficient Investment Opportunities.* It is possible that a Program Participant's commitments to the Program will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the commitments of the Program Participants are invested (or drawn down to be invested), the Program Participants will be required to bear management fees through each Fund during the investment period based on the entire amount of the Program Participants' commitments to each Fund and other expenses as set forth in the Governing Documents as well as bear management fees on a Program Participant's remaining interest (as such term is defined in the Governing Documents).

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. A General Partner may pursue investments outside of the industries and sectors in which Andalusian has previously made investments or has internal operational experience.

*Growth Equity Transactions.* A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments generally involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which a Fund may invest, including various segments of the healthcare, financial services, and telecommunications industries, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare, financial services, and telecommunications industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of Andalusian and the Funds. In particular, the SEC has adopted a number of new rules that would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact Andalusian and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any management fee payable to the General Partner) may exceed its

income, thereby requiring that the difference be paid from the Fund's capital, including unfunded commitments.

*Leveraged Investments.* A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the Governing Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Andalusian or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by

such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

*Subscription Lines.* A Fund is generally permitted to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Program Fee calculation, such as during periods where Program Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Program Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments using a subscription line rather

than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Program Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, and the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited

partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

*Investment- and Intermediate Entity-Level Borrowing.* Under the Governing Documents, each Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as “back leverage” and net asset value (NAV) facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of the Funds, including without limitation to: finance any investment-related activities of the Fund; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Program Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case in accordance with the Governing Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio company (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Governing Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to Andalusian with respect to such investment.

*Non-U.S. Investments.* A Fund may invest in companies that are organized, headquartered and/or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risks due, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating



currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of a Fund) and the application of complex tax rules to cross border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or the partners.

*Distressed Investments.* A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Andalusian will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

*Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial

performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and Andalusian may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Andalusian in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, Andalusian is permitted to decide to provide additional funds to such portfolio company or consider the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that any Fund will make add-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Fund to increase its participation in a successful operation or the dilution of the relevant Fund's ownership in a portfolio company if a third party or co-investor is permitted to invest.

*Investment in Junior Securities.* The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

*Public Company Holdings.* A Fund's investment portfolio may contain debt and/or equity securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Andalusian's principals, and increased costs associated with each of the aforementioned risks.

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or is subject to terms and conditions imposed by portfolio company lenders, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

*Limited Access to Information.* Limited partners' rights to information regarding a Fund, the relevant General Partner or Andalusian generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Andalusian's control. Decisions by Andalusian or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Andalusian and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Andalusian reserves the right to withhold certain information from investors subject to such laws for reasons relating to Andalusian's public reputation, business strategy or other reasons.

*Material, Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of Andalusian and its affiliates, as well as in connection with officerships or directorships of Andalusian personnel, Andalusian frequently comes into possession of confidential or material non-public information. Therefore, Andalusian and its affiliates may have access to material, non-public information that may be relevant to an investment decision to

be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Andalusian's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Andalusian or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with, or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Andalusian's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Andalusian or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

*Sanctioned Investors.* If after subscribing to a Fund a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "Sanctions List"), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund's activities, could materially and adversely affect the Funds.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market

forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Andalusian, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Andalusian to manage the Funds and their investments, and on the ability of Andalusian, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of Andalusian or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Andalusian will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Andalusian will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that Andalusian and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Andalusian seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Andalusian is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

*Hedging Arrangements; Related Regulations.* The General Partner is authorized (but is not obligated) to endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds are permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Unfunded Pension Liabilities of Portfolio Companies.* Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although Andalusian intends to manage each Fund's investments to minimize any such exposure, a Fund is permitted to invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund owns an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Valuation of Investments.* Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation

decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks and may also affect the diversification and management of such Fund's portfolio of investments.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Andalusian or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Andalusian or one of its service providers holding its financial or investor data, Andalusian, its affiliates or the Funds may also be at risk of loss.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations ("Privacy Laws") in the United States, Europe and elsewhere could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Andalusian, the General Partner, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties or litigation, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Andalusian, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Andalusian, the General Partner, the Funds and/or their portfolio companies.

*United Kingdom ("UK") Exit from the European Union (the "EU").* The UK formally left the EU on January 31, 2020 ("Brexit"). After a transition period that ended on December 31,

2020, EU rules ceased to apply in the UK. Although the terms of the UK's future relationship with the EU were agreed in a trade and cooperation agreement, the agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK Government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions).

There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty and disruption generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Andalusian and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

*International Conflicts.* Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit



investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

*U.S. Taxation of Carried Interest.* U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Andalusian who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Andalusian to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

*Changes to Benchmark Rates.* To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("LIBOR"), Secured Overnight Financing Rate ("SOFR") or other rates (each, a "Benchmark Rate"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

*Secondaries and other General Partner-Led Transactions.* There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and Andalusian reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by Andalusian following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Andalusian believes there is the potential for additional value generation. Where undertaken,

existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Andalusian and its affiliates), often on different terms than their original investment in the Fund. However, certain of such transactions are expected to involve: a limited partner investing (or being required to invest) additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of the Fund's investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Andalusian or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Andalusian or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Andalusian, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent Andalusian requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Andalusian in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified ratios to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Andalusian reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that Andalusian will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of the Fund or any individual limited partner or group of limited partners. However, Andalusian reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. Andalusian is permitted to seek the consent of the relevant Fund advisory committee(s) to approve conflicts associated with such transactions and accordingly not

all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

*Social Media and Publicity Risk.* The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding Andalusian, the Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds.

## **Conflicts of Interest**

Andalusian and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of the Clients, and providing management and other services to other business relationships and portfolio companies. Certain principals of Andalusian will spend a portion of their business time and attention serving as officers, investment professionals, and/or board members for other independent investment advisory or broker-dealer firms (“Third-Party Advisers”), which are not affiliated with Andalusian and the Andalusian Affiliates (defined below) (collectively, “Other Advisory Activities”). While Andalusian is expected to implement certain procedures to mitigate the risks of conflicts resulting from these arrangements, there can be no assurance that such measures will appropriately mitigate such risks. In addition, certain principals of Andalusian expect to have responsibilities and duties with respect to Other Advisory Activities, and such principals may need to devote substantial amounts of their time to such Other Advisory Activities. Therefore, conflicts will arise among the Clients, such Other Advisory Activities and Andalusian with respect to the allocation of such principals’ time and resources.

Andalusian will devote such time, personnel and internal resources as are necessary to conduct the business affairs of Clients in an appropriate manner, as required by the Governing Documents, although Clients and their respective investments will place varying levels of demand on these over time. In the ordinary course of Andalusian conducting its activities, the interests of a Client likely will conflict with the interests of Andalusian, one or more other Clients, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Andalusian will determine all matters relating to structuring transactions and Client operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the applicable Client.

During the commitment period of a Fund or the term of an IPA, all appropriate investment opportunities will be pursued by Andalusian principals through the applicable Client, subject to certain limited exceptions set forth in the Governing Documents and Andalusian’s Allocation Policy. Without limitation, Andalusian principals currently manage, and expect in the future to manage, several other investments similar to those in which a Client will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. Andalusian personnel reserve the right to manage their own personal investments, whether or not

through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Andalusian's principals and Andalusian's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Andalusian principals expect to control or manage generally have the potential to compete with companies acquired by a Client. Following the commitment period of a Fund or the term of an IPA, Andalusian principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Client's investments. To the extent an advisory opportunity is received that is unsuitable for a Fund, in Andalusian's sole discretion, Andalusian and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, Andalusian personnel are permitted to serve on boards or act in other roles unaffiliated with Andalusian, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services, and roles none of which will offset or otherwise reduce Program Fees.

Andalusian expects to be presented with certain investment opportunities that would be suitable for more than one Client. In determining which investment vehicles should participate in such investment opportunities, Andalusian is subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, Andalusian is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one Client of Andalusian in a portfolio company also have the potential to raise the risk of using assets of a Client of Andalusian to support positions taken by other Clients of Andalusian.

Andalusian must first determine which Client(s) will, or are required to, participate in the relevant investment opportunity. Andalusian generally assesses whether an investment opportunity is appropriate for a particular Client based on the Governing Documents, as well as factors set forth in Andalusian's Allocation Policy. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Client generally reserves the right to invest together with other Clients advised by Andalusian in the manner set forth in the Governing Documents and Andalusian's Allocation Policy. Andalusian will determine the allocation of investment opportunities among Clients in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with Andalusian's obligations and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could acquire size, revenue, earnings, change in business focus or other characteristics that would make it a suitable investment for one or more other Funds.

Following such determination of allocation among Clients, Andalusian will determine if the amount of an investment opportunity in which one or more Clients will invest exceeds the amount that would be appropriate for such Client(s) and Andalusian reserves the right to offer any such excess to one or more potential co-investors, including third parties, as determined by the Governing Documents, Side Letters and Andalusian's procedures regarding allocation. Andalusian's procedures permit it to take into consideration a variety of factors in making such determinations.

Furthermore, Andalusian or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors or Program Participants, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Additionally, Andalusian reserves the right to permit vendors or service providers to co-invest alongside the Funds, and to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Andalusian expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Program Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Program Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that personnel and related persons of Andalusian and its affiliates make capital investments in or alongside certain Clients, Andalusian and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Client's return from a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Andalusian's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Andalusian will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there

can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Andalusian expects to be subject, discussed herein, did not exist.

In addition to managing other Clients, Andalusian, its affiliates and their personnel reserve the right to sponsor and/or manage special purpose acquisition companies ("SPACs") that may compete with certain Clients for investment opportunities. In allocating such investment between an Andalusian-sponsored SPAC and a Client, Andalusian would consider such factors as it deems relevant under the circumstances. Notwithstanding the foregoing, Andalusian does not expect that this will raise material allocation issues between the Clients and an Andalusian-sponsored SPAC, because the SPAC will ordinarily seek to acquire a company that is prepared to be transitioned to public ownership (which may not be appropriate for a Client, which is expected to generally target companies that are more suitable for an investment in the private market). If Andalusian determines to pursue any specific business opportunity, Andalusian will determine which entities will be allocated any such business opportunity based on a number of factors, including the size of the target business, investment mandates of such entities, potential synergies and the other factors as determined by Andalusian in its sole discretion. Andalusian maintains broad discretion to determine the allocation of investment opportunities between a Client and an Andalusian-sponsored or affiliated SPAC. The outcome of these determinations has the potential to result in the allocation of all, none or a sub-optimal portion of certain investment opportunities to the Clients. There is no assurance that any of these potential or actual conflicts will be resolved in favor of the Clients.

Subject to applicable legal, regulatory, fiduciary or contractual considerations, the Clients could in certain circumstances invest in SPACs that are sponsored by or affiliated with Andalusian, its affiliates or their personnel, through receipt of an initial allocation in those SPACs' IPO, a subsequent PIPE in connection with a SPAC business combination or through secondary market purchases. In so doing, Andalusian would face a conflict of interest because it has an incentive to use Client assets to support such affiliated SPAC, and voting affirmatively to support a SPAC business combination or participating in an associated PIPE solely because such SPAC is sponsored by or affiliated with Andalusian, its affiliates or their personnel, and accordingly stands to benefit materially and potentially disproportionately vis-à-vis other investors therein as a result. This could arise from receipt by Andalusian, its affiliates or their personnel of "founders shares," a form of incentive compensation that often has significant embedded value, from the SPAC in connection with a SPAC business combination, benefits to Andalusian's business reputation and industry standing, particularly as it relates to its SPAC strategy, generation of new investment opportunities, attraction of new investors and other economic and non-economic benefits for which the Clients will not be directly compensated. Andalusian could also face incentives to cause Clients to take actions with respect to its SPAC and PIPE holdings that it otherwise would not absent its affiliations with a SPAC, including by continuing to hold onto its investments past the point it otherwise would absent those affiliations, because of the potential financial benefits that would accrue to the SPAC. Other conflicts of interest involving a Client's transactions in affiliated SPACs and PIPEs in connection with a SPAC business combination are possible, and Andalusian can provide no assurance that such conflicts, if they were to arise, will be resolved in a manner favorable to Clients.

In certain cases, Andalusian will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Andalusian will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Clients invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Clients that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Clients may or may not provide such additional capital, and if provided, each Client generally will supply such additional capital in such amounts, if any, as determined by Andalusian in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Andalusian expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Client versus another Client (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Client enters into any indebtedness with another Client on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Client with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Andalusian expects to be subject to potential conflicts of interest, for example between a Client with a reimbursement obligation and a Client seeking reimbursement. In certain circumstances Clients are expected to be prohibited from exercising (or Andalusian may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Client or the other may be subject to creditor claims regarding subordination of interests. Andalusian intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Client to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Potential conflicts are expected to arise when and to the extent a Client makes investments in conjunction with an investment being made by another Client, or if it were to invest in the securities of a company in which another Client has already made an investment. A Client may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Clients. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Client and the other Client(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Andalusian and its affiliates reserve the right to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Client's investments

will be the same as the returns obtained by other Clients participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Clients. In that regard, actions taken for one or more Clients may adversely affect other Clients.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, Andalusian will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Andalusian expects to be faced with a variety of potential conflicts of interest.

As a general matter, Program Participants will bear certain investment diligence and other program expenses as further set forth in the IPA, which in select circumstances will include Broken Deal Expenses. Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in the relevant General Partner's sole discretion) and eligible to reimburse expenses of that kind. It is expected that certain expenses, including directors and officer's insurance premiums, are expected to relate to both the Program and the Funds. Such expenses will typically be allocated pro rata based on Participant's remaining capital commitments in the Program and capital committed to each Fund, or on such other fair and equitable basis specified in Andalusian's expense allocation policy and procedures. In all such cases, subject to applicable law and legal, contractual or similar restrictions, expense allocation decisions generally will be made by Andalusian or its affiliates using their reasonable judgment, considering such factors as they deem relevant, and in a fair and equitable manner consistent with Andalusian's expense allocation policy and procedures. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Andalusian. As a result of the Funds' controlling interests in portfolio companies, Andalusian and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Andalusian personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Portfolio company board members frequently approve compensation and/or other amounts payable to Andalusian and/or its affiliates. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Program Fees or carried interest paid by a Fund or Program Participant to Andalusian.

Additionally, a portfolio company typically will reimburse Andalusian or service providers retained at Andalusian's discretion for expenses (including without limitation travel expenses) incurred by Andalusian or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Andalusian personnel. This subjects Andalusian and its affiliates to conflicts of interest because the Clients generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Andalusian determines the amount of these reimbursements for such services in its own discretion, subject to its internal



reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Client, any fee paid or expense reimbursed to Andalusian or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

Andalusian generally exercises its discretion to recommend to a Client or to a portfolio company thereof that it contract for services with certain service providers, and such service providers are expected to include: (i) Andalusian or a related person of Andalusian (which is permitted to include a portfolio company of such Client); (ii) an entity with which Andalusian or its affiliates or current or former personnel has a relationship or from which Andalusian or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Andalusian personnel are seconded, or from which Andalusian receives secondees; or (iii) certain limited partners or their affiliates. For example, Andalusian expects to be presented with opportunities to receive financing and/or other services in connection with a Client's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects Andalusian to conflicts of interest, because although Andalusian selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Client, Andalusian has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Andalusian, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Clients or Andalusian), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Andalusian will not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio companies to incur) such expenses. Although Andalusian generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, in certain instances Andalusian expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service providers to Andalusian or any Fund to provide services that will be the most beneficial to any limited partner. Whether or not Andalusian has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although uncommon, Andalusian reserves the right to cause a Client to enter into a transaction whereby the Client (i) purchases securities from, or sells securities to, other Clients managed by Andalusian, or co-investors or co-investment vehicles or (ii) co-invests alongside such other Funds or co-investors. Such transactions may arise in the context of automatic or

other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Client is acquired by a portfolio company acquired by another Client. In some cases, a portfolio company of one Fund will be merged with or into a portfolio company owned by another Fund. Any of these transactions raise potential conflicts of interest, including where: (i) the investment of one Client supports the value of portfolio companies owned by another Client; or (ii) the transaction allows Andalusian or its affiliates to realize carried interest or receive future Program Fees or other compensation with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Governing Documents or otherwise in the sole discretion of Andalusian, Andalusian reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker paid for by the relevant Client(s) to opine as to the fairness or "arm's-length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of Andalusian) or by obtaining the consent of the relevant Client(s) (including, where authorized, the consent of the relevant advisory committee) to such transactions. Andalusian reserves the right to determine that the willingness of a third party to make an investment on the same or similar terms demonstrates the fairness of the relevant transaction (including its value) to the Client under then-current market conditions and therefore determine not to obtain a consent or fairness opinion (except where required by applicable law). Andalusian intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Client under the circumstances, including a consideration of the potential present and future benefits with respect to each Client. Further, cross transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances Andalusian generally will not seek a fairness opinion or advisory committee consent given that such transactions typically are effected close in time to the initial Client's investment or pursuant to authorizing provisions in the relevant Governing Documents.

Although Andalusian generally structures Clients to avoid circumstances in which one Client ultimately bears liability for all or part of the obligations of another Client or any Andalusian affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Client entities, which may result in a single Client being solely liable for other Clients' share of the relevant obligation and/or joint and several liability among Clients. In such cases, Andalusian intends to cause the relevant other Clients to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Client undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market parties are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an Andalusian affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or an Andalusian affiliate, whether or not related to the Fund in which such limited partners have invested.

Andalusian and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in portfolio companies owned by the Clients or other investment vehicles advised by Andalusian and/or its affiliates; conversely, current or former personnel or executives of Andalusian and/or its affiliates are expected to serve in significant management roles at portfolio companies or service providers recommended by Andalusian. Similarly, Andalusian, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former personnel, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Andalusian and/or its affiliates, and/or the Clients or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Andalusian entities, whether or not relating to financing Andalusian personnel obligations to fund General Partner commitment obligations) to Andalusian personnel and their estate planning vehicles. Andalusian expects to be subject to a potential conflict of interest with a Client in recommending the retention or continuation of a third-party service provider to such Client or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Clients, will provide Andalusian information about markets and industries in which Andalusian operates (or is contemplating operations) or will provide other services that are beneficial to Andalusian or one or more other Clients. Andalusian expects to be subject to a potential conflict of interest in making such recommendations, in that Andalusian has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Client, while the products or services recommended may not necessarily be the best available to a Client or its portfolio companies.

Andalusian, its affiliates, and equity holders, officers, principals and personnel of Andalusian and its affiliates reserve the right to buy or sell securities or other instruments that Andalusian has recommended to a Client. In addition, officers, principals and personnel reserve the right to buy securities in transactions deemed unsuitable for a Fund but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including Broken Deal Expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in Andalusian's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Client. Personnel and related persons of Andalusian have, and are expected to continue to have, capital investments in or alongside certain Clients, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts

owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Andalusian deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Andalusian has entered into, and expects to continue to enter, arrangements or strategic relationships (each, a "Strategic Relationship") with investors (and/or one or more of their affiliates) in the Program and/or other Andalusian vehicles, third parties, including other asset managers, financial firms, investors in a Client, investors in other Andalusian vehicles and/or other businesses or persons, which, among other things, provides for referral, sourcing or sharing of investment opportunities and/or information and may, in connection therewith, pay and/or receive compensation (including asset management fees and/or performance-based compensation) and reimburse third parties for certain expenses incurred as part of such arrangements, including diligence expenses and administrative, deal sourcing and other related expenses. A Strategic Relationship often involves an investor agreeing to make a significant capital commitment to the Program and/or multiple Andalusian vehicles and such Strategic Relationship may be formal or informal arrangements. Investors will not receive a copy of any agreement memorializing a Strategic Relationship program (even if in the form of a Side Letter) and will be unable to elect any such rights or benefits afforded through a Strategic Relationship. Specific examples of such additional rights and benefits include, among others, (in addition to one or more of the rights listed above) specialized reporting, discounts on and/or reimbursement of management fees, carried interest, targeted amounts for co-investments alongside Andalusian vehicles (including, without limitation, preferential allocation of co-investment, and preferential terms and conditions, including priority rights, related to co-investment or other participation in Clients (including any carried interest and/or management fees to be charged with respect thereto, as well as any additional discounts or rebates thereof or other penalties that may result if certain target co-investment allocations or other conditions under such arrangements are not achieved)). Such additional rights and benefits in certain cases extend to the affiliates of investors that have entered into a Strategic Relationship, which includes investment vehicles or other accounts that such investors sponsor and/or advise. While it is possible that a Client will, along with Andalusian itself, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that would otherwise be presented to or made by a Client would instead be referred (in whole or in part) to such third parties. Andalusian, its affiliates and their personnel may receive compensation from Strategic Relationships and be incentivized to allocate investment opportunities away from such Client to, or source investment opportunities, for Strategic Relationships. Strategic Relationships may

therefore result in fewer co-investment opportunities (or reduced allocations) being made available to Clients.

Andalusian further has accepted minority investments from third parties (the “Minority Investors”). The Minority Investors’ stakes are passive and do not carry any right to participate in the day-to-day operations or investment decisions of Andalusian as they relate to the Clients. The Minority Investors have relationships with other advisers and investment vehicles that may give rise to potential conflicts, including sponsoring or investing in firms or vehicles that pursue investment strategies similar to those of a Client and ultimately compete with a Client for investment opportunities. The Minority Investors are expected to further invest in a Client and have a minority economic interest in the general partner and manager of such Client and in such capacity will be entitled to receive a portion of the carried interest and other economics of Andalusian. The existence of this minority economic interest may diminish the alignment of the Minority Investors’ interests as investors in a Client with the interests of others in a Client. The Minority Investors will also be offered co-investment opportunities as a strategic relationship of Andalusian (as described above) and may have relationships in the ordinary course with current or prospective portfolio investments, including providing services and/or financing to current or prospective portfolio investments.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Program Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Andalusian may not otherwise have done so.

Since Andalusian is permitted to retain certain Supplemental Fees (as described under “Fees and Compensation”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. Additionally, Andalusian, its personnel, affiliates or others designated by Andalusian expect to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, Andalusian and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Andalusian or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund’s relative ownership of the portfolio company awarding such compensation.

Andalusian and/or its affiliates reserve the right to enter into IPAs, or Side Letters with certain investors in a Fund, providing such Program Participants with different or preferential rights or terms, including but not limited to different fee structures (including discounted or rebated compensation terms, none of which generally will be subject to the “most-favored nation” provisions of a Fund’s Governing Documents), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve in an advisory capacity with respect to a Fund (or an advisory or governance committee for such fund, where

applicable), investment governance rights (including valuation-related and corporate governance consent rights applicable to a Fund's investment), and liquidity or transfer rights. Side Letters also are expected to relate to strategic relationships under which a Program Participant agrees to make a certain level of capital commitments to multiple Funds. Except in the circumstances and on the timing required by Governing Documents and/or applicable law, other Program Participants will not receive copies of other investors' IPAs or any Side Letters or related provisions, and as a general matter, the other Program Participants have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such IPAs or Side Letters. Side Letters in respect of Fund investments subject Andalusian to potential conflicts of interest, including in circumstances where an investor's right to serve in an advisory capacity or on an advisory committee (where applicable) in respect of the Fund results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant Program Participant or limited partner at the expense of the Program or the relevant Fund, respectively, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund. As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment.

Andalusian has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Andalusian has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. Discounted prices or better terms offered by a portfolio company to Andalusian, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, Andalusian will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Clients under the Advisers Act. The relevant liability standards under insurance coverage procured by Andalusian are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Andalusian's insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects Andalusian and/or its affiliates to potential conflicts of interest. Andalusian attempts to resolve such conflicts of interest in light of its obligations to its Clients, and attempts to allocate investment opportunities among a Client, other Clients and such investment vehicles in a manner it believes to be fair and equitable to the Clients under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Andalusian will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict.

### **DISCIPLINARY INFORMATION**

Andalusian and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described above in Item 4 (Advisory Business), Andalusian sponsors the Funds, which are private pooled investment vehicles that are controlled through their respective general partners. While Andalusian is not affiliated with or a related party of the Third-Party Advisers, certain of Andalusian principals continue to serve as officers and investment professionals of such Third-Party Advisers. Andalusian does not currently expect the investment strategies of such Third-Party Advisers to overlap with those of Andalusian.

Andalusian is affiliated with Andalusian Credit Partners, LLC (“ACP”), an SEC-registered investment adviser and the sponsor and investment adviser of Andalusian Credit Company LLC (“Andalusian Credit BDC”, and together with ACP, the “Andalusian Affiliates”), a business development company. Andalusian and ACP are investment advisory affiliates with separate and distinct investment advisory businesses and investment teams. Andalusian and ACP have entered into an Infrastructure Sharing Agreement pursuant to which Andalusian and ACP share certain infrastructure resources from time to time in connection with their respective daily operations. Each of Andalusian and ACP pays, pursuant to the Infrastructure Sharing Agreement, expenses associated with their portion of shared premises, facilities, information technology systems, computer hardware, software and related business services. For example, directors and officers insurance is obtained at an enterprise level for the Andalusian Affiliates, and is allocated based on such Andalusian Affiliates’ respective total assets under management (and a portion of such amounts allocated to APC is subsequently borne by Program Participants and the Funds in proportion to their remaining capital committed to the Program and commitments to the Funds). Additionally, certain subscription services related to research and marketing are shared between the Andalusian Affiliates, and the associated costs (which are Program expenses in support of investment research and diligence activities) will generally be allocated in a fair and equitable manner based on usage.

ACP employees in the future could serve as officers, directors, members or principals of entities that operate in the same or a related line of business of investment funds, accounts or investment vehicles managed by Andalusian, or serve on a portfolio company’s board of directors or otherwise act to influence the management of a portfolio company.<sup>1</sup>

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Andalusian is also affiliated with Andalusian Sports Advisors, LP, a Delaware limited partnership that provides mergers and acquisition services in the sports, media and entertainment sectors. Andalusian deems itself operationally separate and independent from the Third-Party Advisers and the Andalusian Affiliates and has adopted policies and arrangements to promote operational separateness between itself, the Andalusian Affiliates and the Third-Party Advisers.

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

Andalusian has adopted a Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of Andalusian’s principals and personnel and addresses conflicts that arise from personal trading. The Code requires certain Andalusian personnel to report their personal securities transactions, prohibits or requires pre-clearance for Andalusian personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Andalusian personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Andalusian Chief Compliance Officer (“CCO”). In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to the CCO at 646-908-6030. Personal securities transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Andalusian and its affiliated persons may come into possession of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Andalusian and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Andalusian.

Accordingly, should Andalusian or any of its affiliated persons come into possession of material non-public or other confidential information with respect to a public and non-public company, Andalusian generally would be prohibited from communicating such information to clients, and Andalusian will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Andalusian personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and personnel of Andalusian and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Client. Co-invest opportunities generally are also expected to be presented to certain affiliates of Andalusian, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company’s structure. Such co-



investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies and Risk of Loss.”

Andalusian and its affiliates, principals and personnel expect to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Client, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Clients generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Clients or give priority with respect to investments to such Clients. Some of these restrictions could be waived by Clients (or their representatives) or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

Each General Partner reserves the right to advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund, consistent with the Governing Documents. Similarly, Andalusian or an affiliate is authorized to sign non-disclosure agreements or other deal documentation in view of future participation by one or more Fund(s), although this typically is done as a courtesy and without compensation from a Fund.

#### **BROKERAGE PRACTICES**

Andalusian focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Andalusian reserves the right to distribute securities to Clients or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Andalusian does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Andalusian sells publicly traded securities for a Client, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Andalusian. In such event, Andalusian will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Andalusian reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Andalusian has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Andalusian generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the

broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Andalusian seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Andalusian generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of Andalusian's Clients. However, each and every research service may not be used for the benefit of each and every Client managed by Andalusian, and brokerage commissions paid by one Client may apply towards payment for research services that might not be used in the service of such Client. Research services may be shared between Andalusian and its affiliates.

Andalusian will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, Andalusian in its discretion reserves the right to cause the Clients to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This generally arises where Andalusian has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, Andalusian would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

Andalusian will periodically determine which brokers have provided research that has been helpful in the management of Clients. To the extent consistent with Andalusian's goal to obtain best execution for its clients, Andalusian reserves the right to seek to place a portion of the trades that it directs with the brokers who are identified through this process.

To the extent that Andalusian allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Clients' interest in receiving most favorable execution. To the extent Andalusian uses "soft dollars" on behalf of the Clients, it intends to seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Andalusian does not anticipate engaging in significant public securities transactions; however, to the extent that Andalusian engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Clients are completed independently, Andalusian also reserves the right to purchase or sell the same securities or instruments for several Clients simultaneously. Andalusian is permitted, but not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating

Client of Andalusian is favored over any other Client. When an aggregated order is filled in its entirety, each participating Client generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Client participating in such buy or sell order in accordance with the amount of securities originally requested for such Clients.

Each Client generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided Andalusian believes they are fair and equitable to its clients under the circumstances over time.

In Andalusian's private company securities transactions on behalf of the Clients, Andalusian reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Client and/or its portfolio companies. In determining to retain such parties, Andalusian reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Andalusian generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Clients may not pay the lowest commission or fee for such services.

## **REVIEW OF ACCOUNTS**

The investments made by the Funds generally are private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Andalusian monitors companies in which the Funds invest, and the CCO periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) annual reports providing a narrative summary of the status of each portfolio company investment.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Andalusian and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. Such compensation (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company) is expected to be in addition to Program Fees, as well as carried interest paid by Program Participants in connection with their investment in a Fund. *See* "Fees and Compensation."

Andalusian reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Participant in

the Program and/or limited partner in a Fund. Fees payable to any such solicitors and placement agents generally will either be borne by Andalusian directly as a percentage of assets committed by Program Participants to the Program, or in certain instances indirectly through an offset against Program Fees payable by Program Participants under the Governing Documents. Related expenses incurred pursuant to the relevant placement agent or solicitation agreement, including but not limited to placement agent and solicitor travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

### **CUSTODY**

Andalusian maintains custody of funds or securities committed to and held in the name of the Funds with one or more qualified custodians and, where applicable, complies with Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) by meeting the conditions of the pooled vehicle annual audit provision. Andalusian does not hold custody of any assets in connection with commitments by Program Participants to the Program.

### **INVESTMENT DISCRETION**

Andalusian has discretionary authority to manage investments on behalf of each Fund. As a general policy, Andalusian does not allow Fund clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Andalusian and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Andalusian assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund. Andalusian has also entered into the IPAs with certain Program Participants, who retain discretion to invest in certain investment opportunities presented by Andalusian through a Fund.

### **VOTING CLIENT SECURITIES**

Andalusian has adopted the Andalusian Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how it will vote proxies, as applicable, for the Funds’ portfolio investments. The Proxy Policy seeks to ensure that Andalusian votes proxies (or similar instruments) in the best interest of the Clients, including where there may be material conflicts of interest in voting proxies. Andalusian generally believes its interests are aligned with those of each Client, for example, through the principals’ beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Andalusian may address the conflict using several alternatives or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board is authorized to approve Andalusian’s vote in a particular solicitation. Andalusian does not consider service on portfolio company boards by Andalusian personnel or Andalusian’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Andalusian when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Andalusian’s complete Proxy Policy or information regarding how Andalusian

voted proxies for particular portfolio companies may contact the Andalusian CCO at 646-908-6030, and it will be provided at no charge.

#### **FINANCIAL INFORMATION**

Andalusian does not require prepayment of Program Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.