



LS BDC ADVISER, LLC

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This brochure (“Brochure”) provides information about the qualifications and business practices of LS BDC Adviser, LLC (“LS Adviser” or “Adviser”). If you have any questions about the contents of this Brochure, please contact us at compliance@lafayettesquare.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

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

Item 2: Material Changes

Since the last update to the Form ADV Part 2A (the “Brochure”) on March 31, 2023, material changes to this Brochure include amendments to the following items:

- Item 4: Advisory Business – Regulatory Assets Under Management
 - Amount of regulatory assets under management, total amount of received signed subscription agreements and total amount of closed capital have been updated

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Item 4: Advisory Business

Advisory Firm and Principal Owners

LS Adviser, a Delaware limited liability company, was organized on February 19, 2021 and is a registered investment adviser under the Advisers Act. LS Adviser is a wholly-owned subsidiary of Lafayette Square Holding Company, LLC, which is principally owned by Damien Dwin.

Advisory Services

LS Adviser provides portfolio management and investment advisory services to a business development company and privately offered funds that invest primarily in first and second lien loans and, to a lesser extent, in subordinated and mezzanine loans and equity and equity-like securities, including common stock, preferred stock, and warrants. LS Adviser's advisory services include identifying prospective investments, analyzing investment opportunities, conducting research, performing due diligence on potential investments, deciding what securities to buy and sell, negotiating and structuring investments, and monitoring investments.

LS Adviser currently provides investment advisory services to (i) a business development company (the "BDC") and (ii) a private fund that has one unaffiliated institutional investor (the "Private Fund") and together with the BDC, the "Funds"). Lafayette Square Private Fund Manager, LLC serves as the managing member of the Private Fund ("Managing Member") and is an affiliate of LS Adviser. In addition, the BDC wholly owns a private fund advised by LS Adviser that is licensed as a small business investment company (the "SBIC") by the U.S. Small Business Administration, and typically makes the same types of investments as described above. All privately offered funds that LS Adviser currently manages are exempt from the definition of an investment company under the Investment Company Act of 1940, as amended ("Investment Company Act") with securities exempt from registration under the Securities Act of 1933, as amended ("Securities Act").

Additionally, the BDC offers, and must provide upon request, managerial assistance ("Managerial Assistance") to its portfolio companies. Making available Managerial Assistance means any arrangement whereby a BDC, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. Additional information regarding Managerial Assistance is included in **Item 10** below.

This Brochure provides only broad summaries of the information which is more fully provided in the offering documents for the Funds. Investors should refer to each specific Fund's Offering Document for definitive and more comprehensive information regarding a specific investment concept and the matters described in this Brochure.

Availability of Customized Services

The Adviser tailors its advisory services to the specific investment objectives and restrictions of the Funds as set forth in related client documents. However, LS Adviser does not tailor its advisory services to the needs of the investors in the Funds (the "Members").

Regulatory Assets Under Management

As of December 31, 2023, LS Adviser had approximately \$440,382,232 of assets under management (“AUM”) and \$ 548,944,4322 of regulatory assets under management (as reported under Part 1, Item 5 of LS Adviser’s Form ADV, “RAUM”), including both discretionary assets of the BDC and non-discretionary assets of the Private Fund. Furthermore, as of the date hereof, LS Adviser has (i) received additional signed subscription agreements for its discretionary Funds totaling approximately \$81.2 million that it has been unable to accept at this time due to investor concentration limits agreed to with certain investors, but would expect to accept in the future to the extent additional investors are admitted to the BDC, and (ii) an additional \$100 million tranche of contingent capital for the Private Fund which is not available until LS Adviser requests it, provided that the anchor investor may elect not to fund such tranche. The amount of AUM reported in this Brochure is different than the amount of RAUM that LS Adviser reports in Part 1, Item 5 of its Form ADV due to Item 5 requiring the calculation of RAUM to include any uncalled commitments, and without deducting any outstanding indebtedness or other accrued but unpaid liabilities, while the LS Adviser has calculated AUM in this Brochure exclusive of uncalled commitments to more precisely reflect client assets being currently managed.

Item 5: Fees and Compensation

Advisory Fees

The Adviser receives fees as compensation for its advisory services provided to the Funds, as described in Offering Documents. In addition, the Adviser can enter into side letters with respect to fees or information rights for a private fund. However, the Adviser cannot enter into side letters for the BDC with respect to fees or information rights that are more favorable than the terms provided for any other investor.

Management Fee

Management fees (“Management Fees”) for the Funds range from 0.75% - 1.50%, with the percentage based on invested capital, with respect to the Private Fund, and based on a percentage of the average value of gross assets with respect to the BDC (gross assets equal the total assets of the BDC as set forth on the BDC’s balance sheet) at the end of the two most recently completed calendar quarters. Except with respect to the BDC, Management Fees may be reduced or waived at the discretion of the Adviser, including with respect to certain Members that are members, partners, affiliates, or employees of the Adviser or its affiliates. With respect to the Private Fund, Management Fees may also be reduced by certain transactional fees and excess organizational expenses in accordance with and as described in further detail in Offering Documents.

Performance-Based Fee

The Adviser or certain affiliates of the Adviser, such as the Managing Member, could receive performance-based fees (“Performance-Based Fees”) or allocations from the Funds, which, in certain cases, could take the form of carried interest (“Carried Interest”). With respect to the Private Fund, any Carried Interest rates are highly customized and negotiated with the investor.

With respect to the BDC, the Adviser may receive an incentive fee based on pre-incentive fee net investment income of the BDC (the “Income-Based Fee”) and an incentive fee, determined and paid in arrears, based on net capital gains as of the end of each calendar year or upon the termination of the investment advisory agreement (the “Capital Gains Fee”). Please refer to the BDC’s latest Annual Report on Form 10-K filed with the SEC for a discussion of how the Income-Based Fee and Capital Gains Fee are calculated and the timing of receipt by the Adviser.

Please refer to **Item 6** of this Brochure for additional information on performance-based fees.

The Management Fee and Performance-Based Fee collectively are the “Advisory Fees”.

To the extent that the Adviser or Managing Member hire any third parties to assist in managing the Funds, any sub-advisory fees will be paid to such parties from the Advisory Fees.

Deduction of Advisory Fees

Management Fees are deducted from the Funds’ assets and charged quarterly in arrears. Performance-Based Fees are deducted from the Funds’ assets and charged as described above.

Other Fees and Expenses

In addition to Management Fees and Performance-Based Fees paid for advisory services related to the Funds,

the following fees and expenses are associated with the Adviser's management.

Expenses Incurred by the Funds

The Funds will incur Organizational Expenses (as defined below) and Company Expenses (as defined below) in accordance with Offering Documents. Fees and expenses charged to future investors could differ.

The Funds, subject to their Offering Documents, will pay certain expenses incurred in connection with the formation, organization, and closing of the Funds ("Organizational Expenses") that include (but are not limited to) legal, accounting, filing, marketing and other organizational expenses, and as further described in Offering Documents. Organizational Expenses may be subject to an expense cap, where expenses that exceed the specified cap will be borne by the Managing Member and/or its affiliates.

The Funds, subject to its Offering Documents, will also pay other reasonable and customary costs and expenses associated with its investment activities and operations ("Company Expenses") as further described in Offering Documents. In limited circumstances, the Funds could incur brokerage and other transactional costs. Please refer to **Item 12** of this Brochure for additional information on brokerage and other transaction costs.

Management Fee Offset for Transaction Fees

The Private Fund, subject to Offering Documents, typically receives an offset against Management Fees in an amount equal to 100% of any Transaction Fees (defined below), meaning the Management Fees are reduced by such Transaction Fees. Such fees, in each case, received from third parties by the Adviser, the Managing Member or their affiliates in respect of the purchase or disposition of investments include any transactional fees, such as directors' or similar fees (in all cases net of expenses), or loan administration, pre-payment, up-front, consulting, investment banking, monitoring, transaction, break-up, or other similar fees ("Transaction Fees"). Notwithstanding the foregoing, the Managing Member or its affiliates may keep certain fees, including arrangement and administrative fees related to transactions.

Please refer to **Item 6** of this Brochure for additional information on expenses.

Please note the fees and expenses discussed above are intended to provide a description of the types of fees and expenses that are typically charged to the Funds, but it is not exhaustive of the fees and expenses the Funds may incur or pay to third parties, nor is it inclusive of all fees and expenses that could be incurred by an investor in holding an interest in the Funds. The specific fees and expenses applicable to the Funds are set forth in the relevant Offering Documents. Fees and expenses charged to future investors could differ. Prospective investors should carefully review each specific Fund's Offering Document prior to making an investment in the Funds.

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

As the Adviser manages accounts that have a performance-based fee or allocation, the potential to earn Carried Interest creates an incentive for the Managing Member and/or the Adviser to make or acquire investments on the Funds' behalf that are riskier or more speculative than what it otherwise would. Similarly, Carried Interest incentivizes the Adviser or affiliates to make decisions regarding the timing or structure of investment realizations that may not be in the best interest of clients and investors. Furthermore, in evaluating investments and other management strategies, the opportunity to earn Carried Interest based on the Funds' returns may lead the Managing Member or the Adviser to favor maximizing returns over the preservation of capital. Investments with higher yield potential are generally riskier or more speculative, which could result in increased risk to the Members. To mitigate potential conflicts of interest associated with Carried Interest, the Adviser maintains robust governance, allocation and valuation processes that are applied to all investments. Please see below for further discussion of the Adviser's allocation policy.

As of the date hereof, the Adviser manages the Private Fund, the BDC and its wholly-owned SBIC as clients. If an investment opportunity meets the objectives of multiple clients, the potential to earn higher or accelerated fees creates an incentive to favor the allocation of investment opportunities to clients that pay such fees (and to favor the clients that have the potential to pay the highest such fees). The Adviser has a robust investment allocation policy whereby it allocates investment opportunities among clients (and any co-investors) in a manner that is fair and equitable over time, taking into consideration each client's investment objectives, strategy, risk tolerance, and guidelines, in accordance with such investment allocation policy. An allocation working group established by the Adviser assesses: (i) whether a particular investment opportunity (including any follow-on investment in, or disposition of, an existing portfolio company held by a client) is appropriate at that time for a particular client; and (ii) if it is, what is the appropriate size of the opportunity for such client (generally expected to be allocated on a *pro rata* basis when there are multiple clients). In answering both prongs, the allocation working group may consider a variety of factors, including investment guidelines, legal or regulatory considerations, and available capital. The Adviser can also pursue investments for its own account or the accounts of affiliates or employees, which creates certain conflicts of interest, as described further in **Item 11** of this Brochure.

The Adviser has received exemptive relief from the SEC that permits co-investments with certain other persons, including certain affiliated investment accounts managed and controlled by the Adviser. Even though the Adviser and affiliated investment accounts make co-investments in the same securities, conflicts of interest may still arise. If the Adviser is presented with co-investment opportunities that generally fall within a Fund's investment objective or one or more affiliated investment accounts advised by the Adviser, the Adviser will allocate such opportunities in a manner consistent with the exemptive order and the Adviser's allocation policies and procedures.

With respect to co-investments, expenses may be incurred that are attributable to more than one affiliated investment account. The allocation of such expenses among such entities raises potential conflicts of interest. The Adviser and its affiliates intend to allocate such common expenses among the affiliated investment accounts on a pro-rata basis or in such other manner as may be required or permitted by applicable law and the Adviser's allocation policy. Out-of-pocket expenses (including, without limitation, legal and accounting costs and travel expenses) that are associated with any co-investment opportunity that is unconsummated, including any portion thereof that may or would have been allocated to potential investors had such co-investment been consummated, are allocated to investors of the co-investment where it is appropriate and

reasonable to do so.

Item 7: Types of Clients

LS Adviser currently provides investment advisory services to pooled investment vehicles only but may consider providing investment advisory services to separate accounts in the future. Members could include institutions, commercial banks, trusts, pension plans, insurance companies, foundations, endowments, family offices, private funds, and high net worth individuals. As the Funds are privately placed and rely upon certain exceptions from the Investment Company Act, investors in the Funds must meet certain suitability and net worth qualifications such as being an “accredited investor” as defined by Regulation D under the Securities Act. Personnel who are “knowledgeable employees,” as defined in Rule 3c-5 under the Investment Company Act, can also be permitted to invest in the Funds.

The minimum investment amount is stated in Offering Documents, and the Adviser or Managing Member, as applicable, can reduce or waive the minimum investment at its discretion.

The Funds aim to generate favorable risk-adjusted returns, including current income and capital appreciation, principally from directly originated investments in middle market businesses that are primarily domiciled, headquartered and/or have a significant operating presence in the United States. To accomplish this, the BDC may acquire, originate, hold, sell, provide financing, or otherwise make investments primarily in first and second lien loans and, to a lesser extent, in subordinated and mezzanine loans and equity and equity-like securities, including common stock, preferred stock, and warrants. The BDC will primarily serve borrowers with established operating histories that generate annual revenues of between \$10 million and \$1 billion and annual EBITDA of between \$10 million and \$100 million. Similarly, the Private Fund may acquire, originate, hold, sell, provide financing, or otherwise make investments primarily in floating rate first lien senior secured loans based on a differentiated strategy focused on U.S. based non-sponsored businesses with annual EBITDA target between \$10,000,000 and \$100,000,000, provided that some investments may also be made with sponsored businesses. The SBIC makes loans to eligible small businesses (as defined under present SBA regulations) and invests in the equity securities of such small businesses, typically in line with the investment objectives of the SBIC’s parent, the BDC.

Item 8: Methods of Analysis and Investment Strategies

Methods of Analysis and Investment Strategies

The Adviser will source potential investments, conduct research and due diligence on prospective investments and equity sponsors, analyze investment opportunities, structure investments, and monitor investments on an ongoing basis. All investments will be considered based on their risk-adjusted return profile and in the context of a client's overall portfolio risk tolerance and diversification objectives. With respect to the BDC and SBIC, the Adviser has final approval over investment decisions, including whether an asset is bought or sold, subject to applicable law or regulation. With respect to the Private Fund, the unaffiliated institutional investor has engaged the Adviser to provide investment advisory services on a nondiscretionary basis.

The Adviser will conduct extensive analysis before the Adviser approves an investment on behalf of the Funds, including a comprehensive review of the asset's operating fundamentals, physical characteristics, legal, regulatory, environmental and tax aspects, and return expectations.

The due diligence process typically includes, but is not limited to:

- discussion of the sources and uses of proceeds and the transaction rationale;
- a qualitative and quantitative assessment of the company;
- an analysis on the defensibility of its business model;
- a review and assessment of the company's performance and operating metrics;
- analysis of competitive and industry dynamics;
- a comprehensive financial review of management and third-party financial information including, in most cases, a Quality of Earnings report;
- a meeting(s) with management and owners;
- sensitivity testing of company projections for key input factors;
- a valuation analysis with transaction comparables, publicly traded comparables, and DCF analysis;
- calls with key customers and independent expert advisors;
- review of loan documentation, accompanied by outside counsel; and
- legal and compliance diligence, including reference and background checks.

After an investment is made, the Adviser and/or its delegate will perform or oversee development, ongoing management, monitoring and financial reporting. The Adviser will be responsible for maintaining adherence to the investment objective and strategy, tracking performance, and oversight of the investment activities on an ongoing basis to ensure consistency with the Fund's objectives and the investor documentation.

Material Risks for Client Investment Strategies

Generally

- *Dependence on the Adviser and Key Personnel.* The success of the Adviser's investment strategies depends upon the diligence, skill, and network of business contacts of the Adviser, and its delegates. There can be no assurance that certain key personnel (including Mr. Dwain or Mr. Phil Daniele) will

continue to be associated with the Adviser or its delegates. The Adviser's success will depend to a significant extent on the continued service and coordination of its investment team. The Adviser's ability to grow the investment portfolio for clients depends on its existing relationships and the ability to build future relationships, but these relationships will not always generate investment opportunities.

- *Operational and Management Risk:* This risk is the prospect of loss resulting from inadequate or failed procedures, systems, or policies and may include, among others, employee errors, systems failures, criminal activity, cyber-breaches, or any event that disrupts business processes. Our operations are highly dependent on technology which is comprised of proprietary software and systems that work with third-party tools to strengthen origination, underwriting, and monitoring processes. There is a risk that software or other technology malfunctions or programming inaccuracies may impair the performance of these systems. System impairment may negatively impact one or more of such processes, which could impact performance, potentially materially.

Additionally, the Adviser's personnel primarily work from home as a result of a technology-first business model, among other things. To the extent that such personnel, as a result of working remotely, rely more heavily on technology systems for their business-related communications and information sharing, the Adviser could be more vulnerable to cybersecurity incidents and cyberattacks and could have more difficulty resuming normal operations in the event it is the target of such incident or attack.

To that end, the Adviser maintains a cybersecurity program which includes processes for assessing, identifying, and managing material risks from cybersecurity threats in the form of unauthorized occurrences that could result in adverse effects on the confidentiality, integrity, or availability of the Adviser's information systems (any such occurrence, a "Cybersecurity Incident").

The cyber risk management program involves risk assessments, implementation of security measures, and ongoing monitoring of systems and networks, including networks on which the Adviser and its affiliates rely upon. The Adviser actively monitors the current threat landscape in an effort to identify material risks arising from new and evolving cybersecurity threats, including material risks faced by the Adviser and its affiliates. The Adviser maintains a comprehensive information security policy to manage risk which details procedures such as incident response, business continuity and disaster recovery management plans, penetration testing and cybersecurity training for all employees.

The Adviser engages external experts, including cybersecurity assessors, consultants, and auditors, to evaluate cybersecurity measures and risk management processes, including those applicable to the Adviser. An annual information security program risk assessment and gap analysis are conducted based on the International Organization for Standardization and International Electrotechnical Commission standard. In addition, due diligence is conducted on each vendor utilized to assess their levels of security when working with the Adviser's data. The Adviser has also engaged a third-party cybersecurity firm to act as the Adviser's outsourced security operation center ("SOC") and provide continuous monitoring of firm devices for potential vulnerabilities.

If a Cybersecurity Incident is detected, whether by way of penetration testing, a vulnerability scan

conducted by the SOC, or otherwise, it will be reported to the Chief Technology Officer and Chief Compliance Officer who mobilize an incident response team, which is responsible for elevating, remediating, monitoring and communicating about Cybersecurity Incidents. This team will prepare necessary communications including alerting Clients and underlying investors, and the BDC's Board of Directors, as necessary.

- *The Adviser Uses Leverage in Managing Client Assets, which can Magnify Gains and Losses.* The Adviser may utilize indebtedness that is secured by capital commitments and by investments of the funds it manages. In addition, if certain investments are cross-collateralized, borrowing incurred with respect to one investment can impair the transferability and/or the value of other investments. There can be no assurance that the Adviser will be able to obtain indebtedness on terms available to the market or to any competitor, or that indebtedness will be accessible on favorable terms. The failure by the Adviser to obtain indebtedness on favorable terms (or at all) could adversely affect returns.
- *Limitations of Investment Due Diligence.* The Adviser's due diligence may not reveal all of a portfolio company's liabilities and may not reveal other weaknesses in its business. There is no assurance that the due diligence process will uncover all relevant facts that would be material to an investment decision. Before making an investment in, or a loan to, a company, the Adviser will assess the strength and skills of the company's management and other factors that it believes are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the Adviser will rely on the resources available to it and, in some cases, an investigation by third parties. This process is particularly important and highly subjective with respect to newly organized entities because there may be little or no information publicly available about the entities.
- *Liquidity Risk.* The securities purchased by the Adviser will be illiquid in most cases, and there is no assurance that such investments will be realized in a timely manner. A substantial portion of the investments made by the Adviser in leveraged companies are and will be subject to legal and other restrictions on resale or will otherwise be less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult to sell such investments if the need arises. In addition, if the Adviser is required to liquidate all or a portion of its portfolio quickly, it may realize significantly less than the value at which it previously recorded its investments.
- *Investments in private and middle market portfolio companies are risky.* Investments in private and middle market companies involve a number of significant risks. Generally, little public information exists about these companies, and the Adviser will rely on the ability of its investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If the Adviser is unable to uncover all material information about these companies, it may not make a fully informed investment decision, and clients may lose money on the investments. Middle market companies generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion, or maintain their competitive position. Middle market companies may have limited financial resources, may have difficulty accessing the capital markets to meet future capital needs, and may be unable to meet their obligations under their debt securities that the Adviser's clients hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the clients realizing any guarantees they may have obtained in connection with investments. In addition, such companies typically have shorter

operating histories, narrower product lines, and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, middle market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation, or termination of one or more of these persons could have a material adverse impact on the portfolio company and, in turn, on clients. Middle market companies also may be parties to litigation and changing regulatory oversight and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence.

- *Co-Investments.* The Adviser is expected to co-invest with both affiliated investment vehicles managed by the Adviser or its affiliates and/or third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venture or partner has different interests or goals that are inconsistent with those of clients, or takes actions contrary to a client's investment objectives. In addition, in certain circumstances, a client may be liable for the actions of its co-ventures.
- *Additional Factors.* Other factors that could cause material risks include risks associated with possible disruption in the Adviser's operations or the economy generally due to geopolitical unrest, terrorism, or natural disasters; changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, including future changes in law or regulations and conditions in the Adviser's operating areas.

It is possible that the investment strategies and techniques used by LS Adviser will not produce the intended results. LS Adviser will apply its investment techniques and risk analyses in making investment decisions, but there is no guarantee that a client's investment objective or return expectations will be achieved.

Item 9: Disciplinary Information

Not applicable. The Adviser, its supervised persons, and its affiliates have no legal or disciplinary history to report.

Item 10: Other Financial Industry Activities and Affiliations

Relationships that are Material to the Advisory Business or Clients

The Private Fund is an LLC with a Managing Member that is an affiliate of the Adviser, and this relationship causes conflicts of interest to arise that could impact the management of the Private Fund. The BDC is a corporation advised by the Adviser. As the Adviser also advises the Private Fund, conflicts of interest arise as the Private Fund has investment objectives that in some instances may overlap or conflict with the investment objectives of the BDC. As described in **Item 6** of this Brochure, the Managing Member could in the future receive carried interest in connection with the services provided to private funds, and the Adviser may receive performance-based fees in connection with the services provided to the BDC and the conflicts of interest created by performance-based fees are discussed further in response to **Item 6** of this Brochure. The Adviser maintains policies and procedures reasonably designed to manage conflicts of interest related to performance-based fees.

In addition, the Adviser's related persons can invest as Members in the Funds as discussed previously in **Item 6** and further in **Item 11** of this Brochure.

Managerial Assistance

The Funds offer significant Managerial Assistance to their portfolio companies, as described above in **Item 4**. In addition, and in an effort to strengthen the work experience and well-being of the portfolio company employees, such efforts are conducted through an affiliated human capital consulting platform ("Worker Solutions"), which coordinates with the human resources and personnel departments of portfolio companies to identify and recommend appropriate services that have the opportunity to enhance employee well-being. These services include both traditional employee benefits, such as health insurance and retirement, and supplementary employee benefits, such as services that focus on the alleviation of financial insecurity and economic mobility issues.

This program is consistent with the mandate that BDCs offer "significant managerial assistance" to their portfolio companies upon request, and the Adviser believes the program has the potential to (i) positively affect employee well-being; and (ii) enhance the risk-adjusted financial returns of the portfolio companies (including by increasing employee retention, morale and productivity).

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

Code of Ethics

LS Adviser has adopted a Code of Ethics (the “Code”) under Advisers Act Rule 204A–1. The Code applies to all of the Advisers’ supervised persons (“Access Persons”) and is designed to ensure that the Adviser meets its fiduciary obligations with respect to its clients and other regulatory requirements, as well as reinforces a culture of compliance, by setting forth a standard of business conduct that requires Access Persons to place the interests of clients and investors above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Chief Compliance Officer.

The Code includes:

- Our philosophy of honesty, integrity, and professionalism in our conduct, including with respect to our fiduciary duty to our clients; our personnel’s handling of conflicts of interest between personal and professional relationships and interests; and promoting compliance with applicable government laws, rules, and regulations.
- Provisions that relate to compliance with the federal securities laws, including (among others):
 - Requirements related to confidentiality, and prohibitions on insider trading of material-nonpublic information;
 - Reporting of employee personal securities transactions;
 - Pre-clearance and reporting of outside business activities;
 - Pre-clearance of certain types of investments by certain employees;
 - Prohibition on political contributions; and
 - Limitations on, and reporting of, gifts and entertainment.

At the time of hiring and annually thereafter, Access Persons must certify their compliance with the Code. A copy of the Code is available to any client or prospective client upon request.

From time to time, the Adviser and its affiliates come into possession of material non-public information regarding an issuer of securities. In the absence of information barriers between the Adviser’s affiliates, an affiliate investment account may be prohibited, including by internal policies, from redeeming from or otherwise disposing of such security during the period such material non-public information is held by the respective affiliate, which period may be substantial.

Participation or Interest in Client Transactions

The Adviser’s investment allocation policy seeks to ensure allocation of investment opportunities on a fair and equitable basis over time between the Adviser and other funds or investment vehicles managed by the Adviser or its affiliates. It is expected that the Adviser may have overlapping investment strategies with such affiliated funds and/or investment vehicles, but there are prohibitions under the Investment Company Act from participating in certain transactions with such affiliates without prior approval of the directors who are not interested persons, and in some cases, the prior approval of the SEC. As a result, the Adviser and certain of their affiliates applied for, and have been granted, exemptive relief by the SEC for the Adviser to co-invest with other funds or investment vehicles managed by the Adviser or certain of its affiliates, in a manner consistent with the requirements of the Adviser’s organizational documents and investment strategy as well

as applicable laws and regulations and fiduciary duties. As a result of such exemptive relief, there could be significant overlap in the Adviser's investment portfolio and the investment portfolios of such other affiliated entities that avail themselves of such exemptive relief and that have an investment objective similar to the Adviser.

The Adviser or its affiliates or another client could be presented with an investment opportunity that is not made available to the Funds, even if the investment opportunity fits within the investment parameters of such vehicles. The Adviser and its affiliates could also participate in securities transactions in which clients are or were invested. These conflicts of interest would be disclosed in Offering Documents, or other disclosure materials.

The Adviser may, on behalf of the Funds, purchase or sell a security, as part of unrelated transactions, in which an affiliate directly or indirectly has an equity or debt interest in the same or a different tier of a portfolio company's capital structure. To the extent a client holds investments in the same portfolio company or in an affiliate thereof that are different (including with respect to their relative seniority) than those held by an Adviser's affiliate, the Adviser will be presented with a conflict of interest when the interests of the two co-investors are in conflict. If the portfolio company in which an affiliate of the Adviser has an equity or debt investment and in which a client has an equity or debt investment elsewhere in the portfolio company's capital structure, becomes distressed or defaults on its obligations under the private credit investment, the Adviser will have conflicting loyalties between its duties to its clients. In that regard, actions may be taken that may be adverse to a client. In those circumstances where clients and affiliates of the Adviser hold investments in different classes of a company's debt or equity, the Adviser may also, to the fullest extent permitted by applicable law, take steps to reduce the potential for adversity between the parties, including causing a client to take certain actions that, in the absence of such conflict, it would not take, such as (i) remaining passive in a restructuring or similar situations (including electing not to vote or voting pro rata with other security-holders); (ii) divesting investments; or (iii) otherwise taking action designed to reduce adversity.

Please refer to **Item 6** of this Brochure for additional information on co-investments.

Item 12: Brokerage Practices

Broker-Dealer Selection

The Adviser invests primarily in privately-placed securities purchased from issuers. Neither the clients nor the Adviser generally engage broker-dealers or other intermediaries to execute such securities transactions. However, in limited circumstances and as permitted by the client's governing documents, a client might directly invest, with the use of a broker, in mortgage-backed securities, commercial mortgage-backed securities, corporate and municipal loans or bonds, and equity investments. In the event that the Adviser, on behalf of a client, is engaging a broker to assist with a transaction, the investment team has the discretion to select the broker-dealer that the investment team believes will provide best execution for the transaction.

Best execution considerations will depend upon the circumstances of the particular transaction (e.g., nature of the transaction, market for the security, extent possible to select from multiple brokers or dealers, size of trade). While the Adviser considers fees, and would assess the reasonableness of the compensation, the Adviser would not necessarily select the broker or dealer that offers the lowest commission, consistent with its duty to seek best execution.

The investment team must refrain from trading a security if they believe that best execution can only be achieved for a particular transaction through a broker-dealer that has a conflict of interest with the Adviser or any client.

Order Aggregation

When appropriate, the Adviser may, but is not required to, aggregate client orders to achieve more efficient execution or to provide equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

Item 13: Review of Accounts

Performance Review and Monitoring

The Adviser reviews the valuation of client assets and the performance of their underlying investments at least quarterly, and when material changes occur. Such reviews are designed to ensure that clients' assets are managed in accordance with applicable investment objectives and guidelines. With respect to all clients, the Adviser is responsible for the investment process from cradle-to-grave for each investment, from opportunity origination to asset disposition.

Nature and Frequency of Reporting

The Adviser (or its affiliates) will provide annual financial statements for the funds it manages that are prepared in accordance with GAAP and audited by an independent accounting firm to all Member(s) within 120 days (or an earlier date as described in Offering Documents) after the applicable fund's fiscal year-end (or as soon as reasonably practicable thereafter). The preparation and delivery of the audited financial statements are intended to comply with Advisers Act Rule 206(4)-2. In addition to the audited financial statements, LS Adviser or the Managing Member, as applicable, provides unaudited financial reports to Member(s) on at least a quarterly basis. LS Adviser or the Managing Member, as applicable, also provides Members with tax information necessary for the completion of income tax returns on an annual basis. Further information on the reports provided by the Funds is contained in the Offering Documents. As discussed, Members can negotiate for additional information rights.

Item 14: Client Referrals and Other Compensation

The Adviser does not receive an economic benefit from anyone, other than the Funds, for providing investment advice or other advisory services to the Funds. Neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person for advisory client referrals. However, the Adviser could use an unaffiliated third-party placement agent to solicit investors to invest in a fund managed by the Adviser.

Certain unaffiliated third parties may refer investors to the Funds and/or the Adviser. The Adviser does not directly compensate such unaffiliated third parties for any referrals, absent a placement agent, solicitation or other similar arrangement. However, such third parties may have other business or personal relationships with the Adviser, such as being invested in the Funds, sourcing investment opportunities for the Funds, or providing other services to the Adviser or the Funds.

To the extent applicable (taking into account current SEC guidance), such third-party solicitation arrangements will be in compliance with Rule 206(4)-1 under the Advisers Act, as amended.

Item 15: Custody

Pursuant to Advisers Act Rule 206(4)-2, the Adviser and its affiliates are deemed to have legal custody of client assets when they serve as a general partner or managing member (or in a similar capacity) for a fund. The Adviser provides investment advice to private funds that generally invest in non-transferable privately-placed uncertificated investments purchased from the issuer, which are not required to be held by a qualified custodian if certain conditions are met. Other than these types of investments, securities and cash will be maintained with a qualified custodian.

Audited annual financial statements for the funds are prepared by an independent public accountant registered with, and subject to, regular inspection by the Public Company Accounting Oversight Board. Audited financial statements are distributed to the Members within 120 days of the end of the fund's fiscal year (or an earlier date as described in Offering Documents).

In addition, we act as administrative agent to loan syndicate participants, including through our affiliate, Lafayette Square Loan Servicing, LLC. In connection with our role as administrative agent, monies relating to loan syndications are maintained in an account at a qualified custodian (the "Agency Account"). We distribute the monies in the Agency Account as appropriate and consistent with the relevant loan documents. For example, when borrowers make principal and interest payments to the Agency Account, we cause these proceeds to be distributed from the Agency Account to the various lenders, generally on the same day that payments are received.

Pursuant to guidance from the SEC staff, we are deemed to have custody over client assets in the Agency Account because we control the Agency Account. Although the Agency Account commingles client and non-client assets, and clients do not receive account statements for the Agency Account, the SEC staff stated in a no-action letter to Madison Capital Funding, LLC that it would not recommend enforcement action for violation of the Custody Rule where an adviser or its affiliate acts as administrative agent, subject to certain conditions (the "Madison Conditions"). We act as administrative agent in compliance with the Madison Conditions.

Item 16: Investment Discretion

The Adviser has discretionary authority over the BDC, meaning the Adviser has all rights and powers necessary to carry out the vehicle's investment, management, and disposition activities, including the ability to decide what securities to buy and sell for the vehicle. The Adviser entered into an investment advisory agreement with respect to the client prior to assuming this authority. The investment advisory agreement and other Offering Documents also set forth any restrictions on this authority.

Item 17: Voting Client Securities

The Adviser primarily invests in loans or privately placed securities that do not provide voting rights to the owners of such securities. In the event that the Private Fund receives proxies for securities, the Managing Member retains full discretion to exercise voting authority and could consult with, or delegate such discretion to, the Adviser. In the course of exercising discretion to vote a proxy, the Adviser will vote any such proxies in the best interests of Funds and in accordance with the procedures outlined below (as applicable).

In the event that the Adviser is presented with an opportunity to vote a proxy, the Adviser's general policy is to vote in accordance with the best interest of the clients. The Adviser believes company management generally is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, the Adviser will generally vote proxies in line with company management. However, under circumstances when the Adviser believes that company management's proposal will not maximize value for the clients, the Adviser will vote against company management.

Occasions might arise in which the Adviser is required to vote a proxy while having a conflict of interest with a client. To protect each client against a breach of the Adviser's duties to them, on any occasion when a proxy vote presents a conflict of interest, the Adviser will conduct a conflict analysis accordingly. A conflict of interest will be considered material to the extent that it is determined that the conflict has the potential to influence the Adviser's decision-making in voting the proxy. If such a material conflict is deemed to exist, the Adviser will refrain completely from exercising its discretion with respect to voting the proxy and will instead refer that vote to an outside service for its independent consideration. If it is determined that any such conflict or potential conflict is not material, the Adviser may vote the proxy.

The Adviser keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and the response of the Adviser.

If you have any questions about proxy policy of the Adviser, proxy recordkeeping procedures, or if you would like any detailed information about how proxies are actually voted, please contact the Chief Compliance Officer.

Item 18: Financial Information

Not applicable.