

**ITEM 1: Cover Page**



**FOREST ROAD ASSET MANAGEMENT LLC**

CRD NUMBER: 315600  
SEC FILE NUMBER: 802-121970

2121 AVENUE OF THE STARS  
SUITE 2450  
LOS ANGELES, CA  
90067

MARCH 28, 2024

This brochure (this "Brochure") provides information about the qualifications and business practices of Forest Road Asset Management LLC ("FRAM"), an investment adviser registered with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). If you have any questions about the contents of this Brochure, please contact FRAM's Chief Compliance Officer at (302) 265-0167. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

This Brochure contains certain material information in the manner and format promulgated by the SEC. Additional information, which must be read and considered with the information in this Brochure, may be found in other documents, including, as applicable, offering memoranda and/or investment management agreements, among others. Please read and understand the entire Brochure as responses to certain items may also respond to or provide additional or fuller information regarding the responses to other items.

Additional information about FRAM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ADV Part 2A**

### **ITEM 2: Statement of Material Changes**

FRAM filed its most recent ADV Part 2A on March 16, 2023. FRAM has made changes throughout its brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices. While FRAM does not believe that these changes are material, FRAM has made updates to this brochure to enhance certain disclosures and provide additional information regarding: (i) the investment strategies managed by FRAM; (ii) certain risks associated with such strategies, as well as risks associated with investing in FRAM's Clients, as defined below in Item 4, below; and (iii) potential conflicts of interest that may arise in the course of FRAM's investment and other activities. We recommend you read this Part 2A in its entirety.

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#### **ITEM 4: Advisory Business**

Founded in 2021, FRAM is a Delaware limited liability company and a subsidiary of The Forest Road Company, LLC (“Forest Road”). The indirect principal owners of Forest Road are Zachary Tarica and Idan Shani who, together with certain other members of the senior management team of Forest Road, indirectly control FRAM.

FRAM manages a range of strategies for its advisory clients, which consist of separately managed accounts (“SMAs”), private investment funds (“Private Funds”) and other investment vehicles (together with the SMAs and the Private Funds, “Clients”). The Clients’ underlying investors (“Underlying Investors”) are described in Item 7 below.

FRAM provides investment advisory services for the benefit of its Clients, and tailors such services to the specific investment objectives and restrictions of each Client pursuant to the investment guidelines and restrictions set forth in each Client’s confidential private placement memorandum, prospectus, limited partnership agreement, advisory agreement, management agreement and other governing documents (collectively, the “Governing Documents”). Investment advice is provided directly to its Clients, subject to the discretion and control of FRAM or the applicable general partner, and not individually to the Underlying Investors. Current and prospective investors should refer to the applicable Governing Documents for complete information on the investment objectives, investment restrictions and risks related to the applicable Client. Prior performance is not indicative of future performance and there is no assurance that any investment objectives will be achieved.

In accordance with common industry practice, FRAM or a Client’s general partner, managing member, investment adviser, sub-adviser or manager routinely enters into “side letters” or similar agreements pursuant to which certain Underlying Investors are granted specific rights, benefits or privileges (including, without limitation, with respect to differences, including discounts to and/or sharing of, management fees, performance allocations, performance hurdles, withdrawals, access to information, minimum investment amounts, co-investment opportunities, reporting obligations, and other rights or terms including those that may be requested in light of particular investment, legal, regulatory or public policy characteristics of an investor). These rights, benefits or privileges are not always made available to all Underlying Investors nor in some cases are they required to be disclosed to all Underlying Investors. The disclosure and extension of any such rights, benefits or privileges are governed by the corresponding Governing Documents. FRAM does not participate in wrap fee programs.

As of February 29, 2024, FRAM managed \$30,875,096 in regulatory assets under management, which is managed on a discretionary basis. Additionally, FRAM has \$96,000,000 in Client assets under advisement on a non-discretionary basis, which consists of the committed capital in its SMAs.

## **ITEM 5: Fees and Compensation**

FRAM is compensated for its services through the receipt of a management fee and performance-based fees. In addition to fees, Clients will bear certain types of expenses as summarized below. The description below is designed to outline FRAM's typical fee structures for different types of Clients and is not intended to outline every scenario where these structures may differ. Underlying Investors should refer to the relevant Governing Documents for specific details regarding fees and expenses.

### **Management Fees**

FRAM generally receives an annual management fee from its Clients based upon a percentage of the Client's capital commitments, net asset value or invested capital during the term of the applicable Client. With respect to Clients for which management fees are based upon a percentage of the Client's capital commitments or invested capital, the amount of management fees payable typically will not correspond with fluctuations in net asset value, including following the Client's investment period. Pursuant to the terms of each Client's Governing Documents, the management fee may change upon the occurrence of certain events, such as the end of a Client's investment period. A Client's Governing Documents set forth the terms under which management fees will be reduced, offset or otherwise be limited, and Underlying Investors should expect to bear the full specified management fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein. Except where the Governing Documents expressly provide to the contrary, management fees for Clients will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments. Certain of FRAM's Clients pay management fees quarterly in advance and said management fees are not refundable.

### **Performance-based Fees**

FRAM and its affiliates have the potential to earn performance-based compensation in the form of performance fees or profit/incentive allocations from Clients as described further in Item 6.

### **Other Expenses**

In addition to the management fees and performance-based compensation described above, each Client bears certain expenses as set forth in the applicable Governing Documents. Subject to any restrictions set forth in such Governing Documents, each Client will generally pay the costs, expenses and liabilities associated with its organization, operation and investment activities, including without limitation costs, expenses and liabilities attributable to some or all of the following:

- The evaluation, discovery, investigation, development, acquisition, monitoring or disposition of potential or actual investments, including (a) loan fees, private placement fees, brokerage and sales fees and commissions, appraisal fees, research fees and/or dealer spreads; (b) fees, costs and expenses of service providers; (c) interest and clearing and settlement charges, commitment fees, transfer taxes and premiums, underwriting commissions and discounts; (d) expenses relating to short sales; (e) fees and expenses related to market data, legal, accounting, auditing, investment banking, third-party industry and due diligence experts; (f) fees and expenses of finders, senior advisors, originators, consultants and other persons acting in a similar capacity, including fixed fees and/or performance-based fees and allocations, in each case, whether in the form of cash, options, warrants, stock or otherwise, and/or expenses of any of the foregoing persons,

including travel, meals, cellular phone and other similar expenses; (g) filing and other related fees; (h) fees, costs and expenses related to communications, travel, and meals; and (i) fees, costs and expenses incurred in connection with organizing, maintaining and operating persons controlled by FRAM in connection with the Client's investments.

- The carrying or management of investments, including interest and related expenses, bank service fees and custodial, depository, trustee, record keeping and other administration fees and expenses, operations fees and expenses and reconciliation expenses;
- Implementing or maintaining third-party or proprietary software tools, programs or other technology for the benefit of the Client;
- The incurrence of leverage and indebtedness of the Client, including borrowings, dollar rolls, reverse purchase agreements, credit facilities, securitizations, margin financing and derivatives and swaps, and including any principal or interest on the Client's borrowings and indebtedness;
- Attorneys, auditors, accountants, finance and other administrative personnel;
- Administrative costs and expenses;
- The Client's financial statements, reports, notices, tax returns and Schedule K-1s, including the costs of creating, translating, printing and distributing such financial statements, notices, reports, tax returns and Schedule K-1s;
- All taxes and governmental fees levied against or payable by, or with respect to, the Client or investments to any federal, state or other governmental authority, U.S. or non-U.S., including real estate, stamp or other transfer taxes, franchise taxes and, all amounts payable in connection with any tax audit, investigation or review of the Client or any settlement thereof, all withholding taxes and any and all taxes and other governmental charges that may be incurred or payable by the Client;
- Relating to the maintenance of registered offices, corporate licensing and similar expenses;
- Insurance premiums or expenses in connection with the activities of the Client, including errors, omissions, fidelity, general partner liability, directors' and officers' liability and similar coverage for any person acting on behalf of the Client, a general partner, FRAM or their respective affiliates;
- Incurred (a) to comply with any law or regulation related to the activities of the Client including (i) legal or regulatory fees and expenses of the general partner, FRAM, or any of their affiliates in connection with ongoing compliance, filing and reporting obligations related to the activities of the Client, including fees and expenses related to the retention of, and services provided by, any service provider or agent engaged by the Client in connection with such compliance, and (ii) filing fees, costs and expenses or (b) in connection with any litigation or governmental inquiry, investigation or proceeding involving the Client, the general partner, FRAM or their respective affiliates, including the amount of any judgments, settlements or fines paid in connection therewith;
- Distributions to Underlying Investors;
- Any communication with or meeting of the Client's investors, advisory committee or any subcommittee and out-of-pocket expenses incurred by and committee members in connection with the fulfillment of their duties;

- Potential co-investments that are not consummated, including any portion of such expenses that is not borne by co-investors;
- The formation, organization and operation of any special purpose entity, alternative investment vehicle and/or co-investment vehicle that would be a Client expense if it were incurred in connection with the Client;
- The dissolution, winding up or termination of the Client, the general partner, any special purpose entity or any alternative investment vehicle and/or co-investment vehicle;
- Any amendments, modifications, revisions or restatements to relevant governing documents, any special purpose entity or any alternative investment vehicle and/or co-investment vehicle, or compliance therewith;
- Computing the value of the Client's assets;
- Audit and tax preparation;
- Indemnification obligations; and
- Hedging transactions.

### **Transaction-based Compensation**

From time to time, FRAM, its affiliates or supervised persons will receive transaction fees, including but not limited to break-up fees, financing commitment fees, termination fees, monitoring fees and directors' fees, in connection with investments made by Clients. Such fees are generally waived or offset in whole against management fees payable to FRAM by the Client. However, to the extent these fees are permitted to be retained by FRAM, its affiliates or supervised persons in whole or in part without a corresponding offset pursuant to the applicable Client's Governing Documents, these types of arrangements present potential conflicts of interest and may provide our supervised persons with an incentive to recommend investments based on compensation received or to be received rather than making an investment decision based solely on the best interests of a Client. Please refer to the Governing Documents of the applicable Client for complete information on additional compensation received by FRAM, our affiliates or supervised persons in connection with services related to Client investments and any offsets against management fees payable to FRAM.

In the event that a Client's Governing Documents do not permit the payment of a particular expense, FRAM or its affiliates will bear the amount allocable to such Client. In certain other circumstances, FRAM elects to bear expenses that a Client's Governing Documents permit the Client to bear. The differences in expenses borne by Clients, even with overlapping investment strategies, are subject to separately negotiated Governing Documents and are typically not disclosed among all Clients. FRAM endeavors to allocate fees, costs, and expenses on a fair and equitable basis.

Please also see Item 12 below for more information about our brokerage practices and potential fees.

Neither FRAM nor any of its employees or affiliates accepts additional compensation for the sale of securities or other services in connection with FRAM's services to its Clients. Neither FRAM nor its affiliates or employees receive compensation for other services provided to Clients besides the investment advisory services we provide.

## **ITEM 6: Performance based fees and Side-by-Side Management**

As noted above, FRAM and its affiliates are entitled to performance-based compensation from certain Clients, which is generally paid in the form of carried interest. Incentive fees are generally based on the realized profits of a Client's aggregate investments (or of a specific investment for certain Clients) after a return of invested capital plus a preferred return.

Generally, eligible employees, officers and directors of FRAM or an affiliate (or their respective family trusts or other estate planning vehicles which they control), as well as certain business associates and "friends and family" of FRAM, who invest their own capital in a Client or an investment (including through a separate pooled investment vehicle for such persons), or receive ownership in a particular investment or Client as compensation, will not pay such performance-based fees or allocations with respect to their direct or indirect investments.

Performance-based fee arrangements create an incentive for FRAM to recommend investments to Clients which may be riskier, more speculative, or potentially more profitable than those which would be recommended under a different fee arrangement. FRAM generally considers performance-based compensation to enhance alignment of its interests with those of its Underlying Investors, particularly in instances where the Client's Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of such Client's life or at certain interim intervals. Please refer to the Governing Documents of each Client for more complete information on the "performance-based compensation" arrangements of each Client.

FRAM provides concurrent advisory services to our Clients for which the investment mandates, compensation and fee arrangements (including with respect to performance fees and fee offsets) and other circumstances differ from Client to Client. The potential for us and our related persons to receive greater fees from certain Clients creates a potential conflict of interest with respect to the allocation of investment opportunities, as Clients that pay higher fees may create incentives to direct investment ideas to, and/or to allocate investments in favor of such Clients. FRAM seeks to manage any potential conflicts of interest in good faith, and subject to the provisions of the Governing Documents of the applicable Clients. FRAM is also guided by its fiduciary duties to its Clients on any matter involving a conflict of interest. As described in Item 12, FRAM's policy is that all investment opportunities will, to the extent practicable, be allocated among Clients on a basis that over a period of time is fair and equitable to each Client, taking into account the relevant Governing Documents and relevant facts and circumstances.



## **ITEM 7: Types of Clients**

As previously mentioned, FRAM provides advisory services to SMAs, Private Funds and other investment vehicles. FRAM's SMAs currently consist of institutional family offices while its other investment vehicles that are not Private Funds consist of special purpose vehicles formed in connection with a particular investment. Underlying Investors in a Private Fund are required to commit or contribute certain minimum capital amounts which vary among, and are disclosed in the Governing Documents of, each Private Fund. The minimum commitment or contribution amounts may be waived at the discretion of the general partner for such Private Fund. In addition, Underlying Investors in the Private Funds generally must be (i) "accredited investors" within the meaning of the rules and regulations promulgated under the U.S. Securities Act of 1933, as amended, or qualify as other types of investors under applicable U.S. or non-U.S. securities laws, or (ii) "qualified purchasers" or "knowledgeable employees" of FRAM within the meaning of the rules and regulations promulgated under the Investment Company Act. Clients that are charged performance-based compensation are required to be "qualified clients" as that term is defined under Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Generally, FRAM requires a minimum dollar value of \$50 million to establish an SMA; provided, however, FRAM may, at any time, waive such minimums in its sole discretion and accept a lesser amount.

## **ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss**

FRAM currently manages two primary investment strategies for its Clients in the digital assets sector. Through the Forest Road Digital Fund Series, LP (Series 22-1,) FRAM invests in underlying funds across the digital asset ecosystem. Allocations can be made to underlying funds that invest in both public and private market investment opportunities, including, but not limited to: investments in tokens (including listed and pre-launched tokens), decentralized finance (including but not limited to yield farming and liquidity mining), layer 1 and layer 2 protocols, exchange technologies, decentralized autonomous organizations and infrastructure thereof, smart contracts, non-fungible token platforms, among others. Additional information regarding the investment strategy is set forth in the relevant governing documents.

FRAM Digital LTS SPV pursues a market-neutral digital assets strategy through its UK subsidiary, FRAM Digital LTS UK Limited, which trades decentralized finance (DeFi) liquidity pools for yield income and hedges directional market risk. The resulting portfolio is heavily weighted towards blue-chip crypto currencies with high liquidity. Dynamic hedging is employed at both the sub-strategy and portfolio level to minimize directional crypto currency exposure.

Forest Road Opportunity Fund, LP invests in debt instruments, generally in the form of tax credit loans to borrowers operating in a broad array of industries, including, but not limited to: entertainment, film and other media production or post production, real estate development, renewable energy, and other industries and asset classes. Such investments will typically have a stated term of 1-3 years, be secured by tax credit or other corporate receivables as well as all other assets of borrower, and will have one or a combination of cash or PIK interest.

Lastly, FRAM manages diversified SMAs which can invest in growth or venture capital equity, including small-cap buyouts; digital assets; opportunistic, distressed credit or special situations; investment account, funds, or commingled vehicles managed by FRAM; and investment opportunities sourced by the Client.

### **Material Risks**

Investing in securities involves a risk of loss that a Client and Underlying Investors should be prepared to bear. There can be no assurance that any Client will be able to make and realize any particular investment or generate returns or that such returns will be commensurate with the risks of investing in the types of transactions described in the Governing Documents. Clients and Underlying Investors should carefully consider, among other factors, the following material risks involved with FRAM's investment strategies. Past performance is not indicative of future results.

**Not all possible risks are described below, and risks described below may not be applicable to all Clients. Underlying Investors are requested to refer to the Governing Documents of the applicable Client for more complete information on investment strategies employed and the corresponding risks associated with such investment strategies.**

#### ***General Market Risks***

Investments made by our Clients are materially affected by conditions in the global financial markets and economic and political conditions throughout the world, such as interest rates, the

availability and cost of credit, inflation rates, changes in laws (including laws relating to our taxation, taxation of our investors and the possibility of changes to regulations applicable to alternative asset managers), trade policies, commodity prices, tariffs, currency exchange rates and controls and national and international political circumstances (including wars and other forms of conflict, civil unrest, terrorist acts, and security operations), general economic uncertainty and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and pandemics could materially affect our business to the extent it materially affects global economies or global financial markets. These factors are outside of our control and may affect the level and volatility of securities prices and the liquidity and value of investments, and we may not be able to or may choose not to manage our exposure to these conditions, which may result in adverse consequences for our Clients and result in substantial losses to our Clients.

Global financial markets have experienced heightened volatility in recent periods, including as a result of economic and political events in or affecting the world's major economies, such as ongoing uncertainty following the end of the Brexit transitional period on December 31, 2020, hostilities in the Middle East region and between Russia and Ukraine. Sanctions imposed by the U.S. and other countries in connection with hostilities between Russia and Ukraine have caused additional financial market volatility and affected the global economy. Concerns over inflation, as well as interest rate volatility and fluctuations in oil and gas prices resulting from global production and demand levels, as well as geopolitical tension, have exacerbated market volatility.

In addition, numerous structural dynamics and persistent market trends have exacerbated volatility and market uncertainty. Concerns over significant volatility in the commodities markets, sluggish economic expansion in foreign economies, including continued concerns over growth prospects in China and emerging markets, growing debt loads for certain countries, uncertainty about the consequences of the U.S. and other governments withdrawing monetary stimulus measures and speculation about a possible recession all highlight the fact that economic conditions remain unpredictable and volatile. U.S. debt ceiling and budget deficit concerns have increased the possibility of additional credit-rating downgrades and economic slowdowns or a recession in the U.S. In recent periods, geopolitical tensions, including between the U.S. and China, have escalated. Further escalation of such tensions and the related imposition of sanctions or other trade barriers may negatively impact the rate of global growth, particularly in China, where growth has slowed. Moreover, there is a risk of both sector-specific and broad-based volatility, corrections and/or downturns in the commodities, equity and credit markets. Any of the foregoing could have a significant impact on the markets in which we operate and result in adverse consequences for our Clients and result in substantial losses to our Clients.

### ***Effects of Inflation***

Certain of our Clients and their investments are in industries that have been impacted by inflation. Recent inflationary pressures have increased the costs of labor, energy and raw materials and have adversely affected consumer spending, economic growth and our Clients' investments' operations. If such investments are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results. In addition, any projected future decreases in the operating results of our Clients' investments due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our Clients' investments could result in future realized or unrealized losses.

### ***Monetary Policy and Governmental Intervention***

Recent actions by the U.S. Federal Reserve (the "Federal Reserve") and other central bankers in response to significant levels of inflation have included increases in interest rates with public

announcements that additional increases are expected, which have begun to and are expected to continue to have a significant effect on interest rates and on the U.S. and world economies generally to an unpredictable extent, which in turn may affect the performance of the Clients' investments. In particular, as of the date hereof, interest rates have recently increased significantly in the United States.

### ***Outbreaks of Infectious or Contagious Diseases and Public Health Emergencies***

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the outbreak of COVID-19 (as defined below) have contributed to, and are resulting in, market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity, all of which may result in significant losses to a Client.

The outbreak of the novel and highly contagious form of coronavirus ("COVID-19") has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. Preventative measures taken to contain or mitigate the spread of COVID-19 and its variants have caused, and may continue to cause, business shutdowns or the re-introduction of business shutdowns, significant fluctuations in demand for certain goods and services, supply chain disruptions and overall economic and financial market instability both globally and in the United States. Such measures, as well as the general uncertainty surrounding the dangers and impact of the COVID-19 pandemic, have created significant disruption in economic activity and have had a particularly adverse impact on the energy, hospitality, travel, retail and restaurant industries. While many of the initial restrictions have been lifted, the risk of future COVID-19 outbreaks remains and restrictions have been and may continue to be reimposed to mitigate risks to public health, both in the U.S. and globally. Moreover, even where restrictions are and remain lifted, certain groups of people may continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time, potentially further delaying global economic recovery. As a result, even after the COVID-19 pandemic subsides, as a result of its effects the U.S. economy and other major markets may experience economic volatility and/or downturns, which could materially and adversely affect our and our Clients' business and operations, as well as the business and operations of our Clients' portfolio companies.

### ***Enhanced Scrutiny and Regulation of the Private Fund Industry***

The advisory business of FRAM and its Clients, as well as the financial services industry generally, are subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations or exchanges in the U.S. and foreign jurisdictions in which we operate relating to, among other things, antitrust law, anti-money laundering laws, anti-bribery laws, laws relating to foreign officials, tax laws and privacy laws with respect to Client information and the regulatory oversight of the trading and other investment activities of alternative asset management funds and their investment advisers. Each of the regulatory bodies with jurisdiction over FRAM and our Clients has regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Our Clients may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, FINRA, or other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. Our Clients may also be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. Any failure to comply with these rules and regulations could expose FRAM and the Clients to liability or other risks.

The additional legislation, increasing global regulatory oversight of fundraising activities and changes in law relating to the alternative asset management industry has included, among other things, increased registration, oversight and regulation of alternative asset management firms and disclosure with respect to these firms and the vehicles they sponsor or advise, which could impact FRAM and its management activities. Recently, the SEC and its staff have focused more narrowly on issues relevant to alternative asset management firms, including by adoption a number of new rules that would impact the regulation of private investment funds. Such oversight and regulation may cause a Client to incur additional expenses, may divert the attention of FRAM and its employees and may result in fines if a Client is deemed to have violated any regulations. Regulation generally as well as regulation more specifically addressed to the alternative asset management industry, including tax laws and regulation, could increase the cost of acquiring, holding or divesting portfolio investments, the profitability of portfolio companies and the cost of operating a Client account. There can be no assurance that FRAM or its funds will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in sanctions or fines being imposed against FRAM or its affiliates, FRAM, its affiliates, and any Clients may be subject to negative publicity in relation to such investigation or proceeding.

In addition, in recent periods there has been an increasing level of public discourse, debate and media coverage regarding the appropriate extent of regulation and oversight of the financial industry, including investment firms, as well as the tax treatment of certain investments and income generated from such investments. There is ongoing uncertainty regarding prospective changes in law and regulation affecting the U.S. private funds industry. The likelihood of occurrence and the effect of any such changes is highly uncertain and could have an adverse impact on our Clients and the Underlying Investors.

### ***Competition for Investment Opportunities***

There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable our Clients to invest all of their commitments in opportunities that satisfy the Client's investment objectives, or that such investment opportunities will lead to completed investments by the Client. The process of identifying, structuring, implementing and realizing attractive investment opportunities is highly competitive. The investment management business is intensely competitive, with competition based on a variety of factors, including investment performance, business relationships, quality of service provided to investors, investor liquidity and willingness to invest, fund terms (including fees), brand recognition and business reputation. Clients will compete with a number of private equity funds, specialized funds, hedge funds, corporate buyers, traditional asset managers, real estate development companies, commercial banks, investment banks, and other investment managers and other financial institutions, as well as domestic and international pension funds and sovereign wealth funds, as well as other current and future Clients and accounts managed or advised by FRAM. A Client's competitors may be substantially larger and have greater financial, technical, marketing and other resources and more personnel than FRAM. Some of a Client's competitors may have higher risk tolerances or different risk assessments or lower return thresholds than us, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we want to make. As a result, competitive pressures faced by a Client may have a material adverse effect on a Client's investment performance. Also, as a result of this competition, Clients may not be able to secure attractive investment opportunities from time to time and may not be able to identify and make investments that meet a Client's investment objectives.

### ***Reliance on Management***

All decisions with respect to the management of investments for a Client will be made by FRAM, and thus the Underlying Investors must rely on the ability of FRAM to make appropriate investments for the Client and to manage and dispose of such investments. In addition, the timing and form of distributions from Clients to its Underlying Investors will be subject to the discretion of FRAM. Underlying Investors will generally have no right or power to participate in the affairs or investment activities of a Client. Accordingly, no person should commit capital to a Client unless such person is willing to entrust all aspects of the management of such Client and the investments of such Client to FRAM.

### ***Dependence on Key Professionals***

The ability of a Client to achieve its investment objective will be dependent on the diligence, skill, judgment, business contacts and personal reputations of senior investment professionals or other key personnel. These individuals possess substantial experience and expertise in investing, are responsible for locating and executing our Clients' investments, and have significant relationships with the institutions that are the source of many of our investment opportunities. Therefore, the departure or misconduct of one or more of these individuals could have a material adverse effect on the ability of the Client to achieve its investment objectives, cause certain Underlying Investors to withdraw capital or otherwise have a material adverse effect on our business. Further, if such individuals join competitors or form competing companies, it could result in the loss of significant investment opportunities.

### ***Other Obligations of Investment Professionals***

Although the senior investment professionals of FRAM intend to devote such time as is necessary to conduct the business and affairs of each Client, they are involved in other activities of the firm, including, but not limited to, managing investments, advising or managing Clients whose investment objectives are the same as or overlap with those of other Clients, participating in actual or potential investments of multiple Clients, providing consulting, merger and acquisition, structuring or financial advisory services, including with respect to actual, contemplated or potential investments of a Client, or acting as a director, officer or creditors' committee member of, adviser to, or participant in, any corporation, fund, trust or other business entity. In such cases, employees of FRAM may have duties that may differ from, and could conflict with, their duties to our Clients.

Conflicts of interest may arise in allocating time, services, or resources among the investment activities of the Clients, FRAM, and other FRAM-affiliated entities. Additionally, FRAM and its affiliates may, and expect to, receive fees or other compensation from third parties in connection with these investment activities and such compensation shall be for their own account.

### ***Restrictions on Transactions Due to Other Forest Road Businesses***

FRAM 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 other Clients, and providing transaction-related, legal, management and other services to Clients and special purpose acquisition companies ("SPACs"). Except to the extent prohibited by the Governing Documents, FRAM and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto.



FRAM sponsors and advises a range of types of Clients and expects to continue to develop its investment advisory and related businesses by forming additional vehicles and obtaining new Clients in the future. FRAM and its employees may acquire material non-public information or other confidential information about a company while pursuing an investment opportunity or while monitoring an investment for a particular Client, which may give rise to a potential conflict of interest when it results in our having to restrict the ability of other Clients to trade in the securities of such company. FRAM does not establish information barriers between its internal investment teams. In addition, a Client may hold positions in securities or other assets or be subject to contractual or legal restraints that could prevent a different Client from being able to initiate a transaction that it otherwise might have initiated or to sell an investment that it otherwise might have sold or, in its judgment, such position(s) or restraint(s) may make such a transaction inadvisable.

The investment activities of one or more Clients may be inconsistent with the investment activities of another Client. Furthermore, subject to our investment allocation policy, we may have or develop business relations through our other businesses or have duties to Clients that we may consider in determining whether to undertake a transaction, with the result that a Client may not participate in certain transactions in which it might otherwise have participated. In certain circumstances, we may be contractually required to offer certain types of investment opportunities to certain Clients or Underlying Investments before such opportunities may be offered more broadly to all Clients, and therefore, some Clients may not be offered certain investment opportunities.

### ***Allocation of Investment Opportunities***

Certain Clients have overlapping investment objectives with other Clients, or related entities of FRAM. As a result, and due to the fact that Clients have different fee structures, conflicts have the potential to arise with respect to our decision regarding how to allocate investment opportunities. From time to time, we are presented with investment opportunities that fall within the investment objectives of more than one Client or investment opportunities that are being pursued by a related entity of FRAM that also fall within the investment objective of the Client. While we seek to manage such potential conflicts of interest in good faith, there may be situations in which the interests of one Client with respect to a particular investment or other matter conflict with the interests of one or more other Clients or with a related entity of FRAM. In certain circumstances, we will allocate an investment opportunity appropriate for a Client in a manner that excludes one or more Clients or results in a disproportionate allocation based on factors or criteria that we determine, such as differences with respect to available capital, the size of a Client, minimum investment amounts and remaining life of a Client, differences in investment objectives or current investment strategies, such as objectives or strategies, differences in risk profile at the time an opportunity becomes available, the potential transaction and other costs of allocating an opportunity among various Clients, potential conflicts of interest, including whether a Client or FRAM related entity has an existing investment in the security in question or the issuer of such security, the nature of the security or the transaction including the size of investment opportunity, minimum investment amounts and the source of the opportunity, current and anticipated market and general economic conditions, existing positions in an issuer/security, prior positions in an issuer/security and other considerations deemed relevant to us, including the rotation of investment opportunities.

The determinations made by FRAM in connection with the allocation of investment opportunities will frequently be subjective in nature and consequently, (a) an investment that was determined as appropriate for one Client may ultimately prove to have been more appropriate for another

Client, and (b) where potential overlaps exist, FRAM may, in accordance with FRAM's investment allocation policy, forego investment opportunities suitable for a Client. All of the foregoing could in certain circumstances (i) adversely affect the price paid or received by a Client or the size of the position purchased or sold by a Client, (ii) preclude a Client from participating in an investment or (iii) limit the rights a Client may exercise with respect to an investment.

### ***Overlapping Investments with Other FRAM Clients and FRAM Related Entities***

Multiple Clients may directly or indirectly hold or acquire positions in the same or different securities of the same issuer. For example, a Client may invest in equity securities issued by a company in which another Client holds debt securities, and a Client may invest, both directly and indirectly through investment funds managed by third parties, in the equity securities of a company in which another Client holds debt securities. Such investments and transactions may raise potential conflicts of interest for our Clients, particularly if different Clients invest in different classes or types of securities or investments of the same underlying issuer. In that regard, actions may be taken by some Clients that may be inconsistent, if not adverse to other Clients, including, but not limited to, interests in different parts of a company's capital structure during a restructuring, bankruptcy or other insolvency proceeding or similar matter.

Where our Clients invest in different parts of the capital structure of an issuer, their respective interests may diverge significantly in the case of financial distress of the company. In a bankruptcy proceeding, a Client's interest may be subordinated or otherwise adversely affected by virtue of another Client's involvement and actions relating to their investment. This may result in loss or substantial dilution of one Client's investment, while another Client recovers all or part of amounts due to it. In addition, where one Client is a creditor of an issuer in which another Client holds more junior securities, that Client may take actions in its own interests with respect to its rights as a creditor (e.g., with respect to breaches of covenants) that may be adverse to the interests of the other Client as a junior creditor or an equity holder. There can be no assurance that the terms of or the return on each Client's investment will be equivalent to or better than the terms of or the returns obtained by other Clients participating in the transaction. Our ability to implement a Client's strategies effectively may be limited to the extent that contractual obligations entered into in respect of investments made by other Clients impose restrictions on Clients engaging in transactions that we may otherwise be interested in pursuing.

### ***Co-Investments***

From time to time FRAM may offer co-investment opportunities alongside one or more Clients in a specific investment opportunity because FRAM may determine that the amount of a specific investment opportunity exceeds the amount FRAM believes would be appropriate for the participating Clients or for other strategic reasons. In such circumstances, the size of the investment opportunity otherwise available to our Clients may be less than it would otherwise have been. FRAM is not expected to offer co-investment opportunities with respect to all of a Client's investments. Subject to any investment allocation requirements set forth in the Governing Documents of a Client and FRAM's investment allocation policy, in general (i) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of FRAM or its affiliates, (ii) co-investment opportunities may, and typically will, be offered to only a small subset of investors, and (iii) certain persons other than investors in our Clients (e.g., third parties) may be offered co-investment opportunities.

Investors in co-investment opportunities (each, a "Co-Investor") may invest on different (and more favorable) terms than those applicable to a Client and may have interests or requirements that conflict with and adversely impact a Client (for example, with respect to their liquidity



requirements, available capital, the timing of acquisitions and disposals, or control rights). FRAM will allocate any such specific co-investment opportunities in its sole discretion and may consider some or all of a wide range of factors, including (without limitation): (i) the strategic value of a potential Co-Investor to the investment opportunity, the Client and/or future Clients; (ii) the transparency and predictability of the Co-Investor's investment process; (iii) whether the potential Co-Investor has the financial, operational and other resources to evaluate and make the investment; (iv) historical co-investment experience with the potential Co-Investor; (v) tax and legal characteristics of a potential investment and Co-Investor; and (vi) whether, and to what extent, the potential Co-Investor is willing to pay management fees and/or carried interest and to bear its portion of expenses related to the co-investment opportunity. These factors are neither presented in order of importance nor weighted. Each co-investment opportunity will present different facts and circumstances and which of the factors listed above are important for a transaction will depend on the unique investment opportunity. The allocation of co-investment opportunities may involve a benefit to FRAM including, without limitation, fees or carried interest from the co-investment opportunity and capital commitments to other Clients.

Depending on the type of transaction, a Client may sell down part of its investment to a Co-Investor at a previously agreed-upon price or, in the absence of a previously agreed-upon price, at the market value of the investment at the time of sale, and such market value may be fair value as determined by FRAM. Subject to the applicable Client's Governing Documents, the Client seeking to sell down a portion of its interest may charge a Co-Investor interest costs for the time period between the closing of the Client's investment in an issuer to the date of the transfer of interests in such investment to the applicable Co-Investor. In addition, there can be no assurance that we will be successful in offering such co-investment opportunity to any potential Co-Investor, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on terms and conditions that will be preferable to the Client or that expenses incurred by the Client with respect to the syndication of the co-investment will not be substantial. In the event we are not successful in offering a co-investment opportunity to potential Co-Investors, in whole or in part, a Client will consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended.

### ***Third Party Involvement in Investments***

The participation of Co-Investors in an investment opportunity may be substantial and may involve greater risks than an investment in which there are no Co-Investors, and the risks may be even greater if they are third party Co-Investors. It is possible that a Co-Investor may at any time have economic or business goals that are inconsistent with a Client or be in a position to take action contrary to FRAM's objectives for the investment. Clients in certain circumstances may become liable for the actions or omissions of Co-Investors, including, without limitation, in connection with indemnification obligations jointly assumed by Clients and Co-Investors or any actions or omissions resulting in fees, costs or expenses that are not borne by Co-Investors depending upon circumstances.

### ***Principal Transactions; Borrowing***

To the extent permitted in a Client's Governing Documents and by applicable law, FRAM may engage in transactions with a Client and its investments for its own account, including, for example, where an investment has been bridged or otherwise warehoused by FRAM or its affiliates (including through borrowing by a Client from FRAM or its affiliates) prior to funding by a Client. FRAM may retain any profit it makes from such transactions. FRAM will, to the extent required by applicable law, obtain the prior consent of a Client for such transactions. Underlying

Investors should note that the Governing Documents for a Client may authorize the advisory board of a Client to provide such consent on behalf of such Client.

### ***Valuation Risk***

Many of the investments made by our Clients are illiquid and thus have no readily ascertainable market prices. We value these investments based on our estimate, or an independent third party's estimate, of their fair value as of the date of determination, which often involves significant subjectivity. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. The actual results related to any particular investment often vary materially as a result of the inaccuracy of valuation estimates and assumptions. In addition, because many of the illiquid investments held by our Clients are in industries or sectors which are unstable, in distress or undergoing some uncertainty, valuations of such investments may be subject to rapid and/or significant changes caused by, among other matters, sudden company-specific or industry-wide developments or significant market volatility.

Because such valuations will be inherently uncertain, may fluctuate significantly over short periods of time and will be based on estimates and other material assumptions, our determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments existed and may differ materially from the values that a Client may ultimately realize on such investments.

In instances where FRAM personnel determine the fair value of the investments of certain Clients and such Clients pay management fees and/or performance fees that may fluctuate with changes in value, such personnel will have a conflict of interest in determining fair value. In addition, the amount and timing of carried interest or incentive fee received by FRAM or its affiliates with respect to a Client will depend in part on the value of such Client's assets and liabilities. If the valuations are incorrect, the amount of carried interest or incentive fee received, or the timing of receipt of such carried interest or incentive fee, could also be incorrect.

### ***Due Diligence and Uncertainty of Financial Projections***

Before making investments, FRAM will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial tax, accounting, engineering, regulatory, environmental and legal issues, some of which may be based on information or projections by the target company. The due diligence investigation that we will carry out with respect to an investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. General economic conditions, which are not predictable, along with other factors, may cause actual performance to fall short of projections. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment.

### ***Investments Longer than Term***

Our Clients may make investments that they do not advantageously dispose of prior to the date such Client is dissolved, either by expiration of its term or otherwise. Although we generally expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, FRAM and its affiliates have only a limited ability to extend the term of a Client with the consent of Underlying Investors or the advisory board of the Client, as applicable, and as a result our Clients may have to sell, distribute, or otherwise dispose of investments at a

disadvantageous time as a result of dissolution. This may result in a lower than expected return on the investments.

### ***Default Risk***

Underlying Investors in certain of our Clients make capital commitments to those Clients that we are entitled to call from those Underlying Investors at any time during prescribed periods. We depend on the Underlying Investors fulfilling and honoring their commitments when we call capital from them for those Clients to consummate investments and otherwise pay their obligations when due. As a result, a Client may be subject to costs, including break-up fees or damages, for unconsummated transactions if Underlying Investors default on their commitment to fund capital. The other Underlying Investors in such Client may be required to make additional contributions to replace such shortfall. Any default or excused investment by one or more Underlying Investors could have a deleterious effect on the Client, its assets and the interests of the other Underlying Investors in the Client.

### ***Derivative Risk***

Certain Clients are permitted to engage in certain derivative transactions, including swaps, short sales, forward contracts or options (together, the “Derivative Instruments”) or hedging transactions that are intended to reduce the Client’s equity, debt, currency or interest rate exposure. The use of Derivative Instruments, even when used with the intent to reduce the risks associated with the Client’s investments, involves additional expenses as well as risks that are different from those of the Client’s direct or indirect investments, including the possible default by the counterparty to a transaction and the illiquidity of the Derivative Instrument acquired by the Client relating thereto. Unanticipated changes in securities prices, interest rates or currency exchange rates may result in a poorer overall performance for the Client than if it had not entered into any such derivative transaction. In addition, any hedging transaction into which the Client enters may be imperfect, including as a result of the timing at which such derivative transaction is entered into, leaving the Client exposed to some risk from the position that was intended to be protected. The successful use of hedging strategies depends upon the availability of a liquid market and appropriate hedging instruments and there can be no assurance that a Client will be able to close out a position when deemed advisable by FRAM or its affiliates. In addition, a Client’s portfolio companies may enter into derivative transactions that may expose the Client to the risks indicated above. Any Client or Underlying Investor should carefully review the Governing Documents related to such investment vehicle regarding a Client’s use of derivatives.

### ***Counterparty Risk***

Many of our Clients depend on the services of custodians, counterparties, administrators, investment banks and other agents to carry out certain transactions on behalf of the Client. The terms of these contracts are often customized and complex, and many of these arrangements occur in markets or relate to products that are not subject to regulatory oversight.

A Client is subject to the risk that the counterparty to one or more of these contracts defaults, either voluntarily or involuntarily, on its performance under the contract. Any such default may occur suddenly and without notice to FRAM. Moreover, if a counterparty defaults, FRAM may be unable to take action to cover a Client’s exposure, either because it lacks contractual recourse or because market conditions make it difficult to take effective action. This inability could occur in times of market stress, which is when defaults are most likely to occur.

In the event of the insolvency of a custodian, counterparty or any other party that is holding assets of a Client as collateral, a Client might not be able to recover equivalent assets in full as it will

rank among the custodian's or counterparty's unsecured creditors in relation to the assets held as collateral. In addition, the Client's cash held with a custodian or counterparty generally will not be segregated from the custodian's or counterparty's own cash, and the Client may therefore rank as an unsecured creditor in relation thereto and may not be able to recover the full amount of the cash held on the Client's behalf.

In connection with certain loan transactions entered into by our Clients, a financial intermediary such as an investment bank may arrange loans and hold assets on behalf of investors participating in such loan, including a Client. If such financial intermediary becomes insolvent or bankrupt, there is significant uncertainty as to whether creditors of such intermediary have access to the assets related to such loans depending on such financial intermediary's role in such transaction and a Client may not be able to recover such assets held by such financial intermediary.

### ***Misconduct by Employees or Service Providers***

Misconduct by (i) our employees, (ii) directors, officers or employees of investments, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of a Client and/or the general partner and cause significant losses to a Client. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Client, the improper use or disclosure of confidential or material non-public information, or sexual or other harassment, which could result in litigation or serious financial harm, including limiting a Client's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to a Client. FRAM has controls and procedures through which we seek to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

### ***Cybersecurity***

We and our service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect our Clients and/or Underlying Investors, despite our efforts and the efforts of our service providers to adopt controls, processes and practices intended to mitigate these risks and protect the security of computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Client or Underlying Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to our systems, the systems of our service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, Underlying Investors, third-party service providers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our Clients and Underlying Investors. A successful penetration or circumvention of the security of our systems or those of our service providers could result in the loss or theft of an Underlying Investor or Client data, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause our Clients, service providers or us to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for our Clients' investments, which could have material adverse consequences for such investments and may cause a Client's investments to lose value.

### ***Controlled Group Risks***

Under ERISA, members of certain “controlled groups” of “trades or businesses” may be jointly and severally liable for contributions required under any member’s tax-qualified defined benefit pension plan and under certain other benefit plans. Further, if any member’s tax-qualified defined benefit pension plan were to terminate, underfunding at termination would be the joint and several responsibility of all controlled group members, including members whose employees did not participate in the terminated plan. Similarly, joint and several liability may be imposed for certain pension plan related obligations in connection with the complete or partial withdrawal by an employer from a multiemployer pension plan. Depending on a number of factors, including the level of ownership held by our Clients in a particular investment, a Client may be considered to be a member of an investment’s “controlled group” for this purpose, and thus may be liable for the underfunded pension liabilities of such investment.

### ***Transfer Restrictions***

An investment in a Client may require a long-term commitment, with no certainty of return on investment or return of advances. Interests in a private Client have not been registered under the securities laws of any state or other jurisdiction and cannot be resold except as permitted pursuant to applicable securities laws. There is no public market for these interests and none is expected to develop. An Underlying Investor in a private Client will also generally not be permitted to assign its interest in such Client without the prior consent of the general partner of such Client, which may be withheld by the general partner in its sole discretion, and any such transfer may result in costs paid by the parties to the transfer.

### ***Litigation Risk***

A Client’s investment activities may subject it to risks of becoming involved in litigation or other disputes with third parties. The outcome of such proceedings may materially and adversely affect the value of the Client’s investments and may continue without resolution for long periods of time. Litigation entails expense and the possibility of counterclaims against the Client, FRAM or its affiliates and ultimately judgments may be rendered against the Client for which the Client may not carry insurance. Any litigation may consume substantial amounts of time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. The expense of prosecuting or defending any such disputes or paying any amounts pursuant to settlements or judgments will be borne by a Client and will reduce amounts available for distribution to the investors. Pursuant to the term of a Client’s Governing Documents, FRAM and its affiliates will be indemnified by the Client in connection with such disputes, subject to certain limitations.

### ***Contingent Liability on Disposition of Investments***

Many of our Clients’ investments will be focused in private securities. In connection with the disposition of an investment in private securities, a Client may be required to make representations about the business and financial affairs of an investment typical of those made in connection with the sale of a business. A Client also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities or other liabilities. The obligations of the Client would be payable from the assets of the Client, including the unused commitments of the Underlying Investors. If the assets of the Client are insufficient to pay such obligations, the Underlying Investors may be required to return distributions previously made to them in order to satisfy such obligations.



### ***Client Expenses***

A Client will pay and bear expenses as disclosed in Item 5 above. The amount of these Client expenses will be substantial and will reduce the actual returns realized by Underlying Investors on their investment (and may, in certain circumstances, reduce the amount of capital available to be deployed by a Client in investments). These expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of expenses ultimately called or called at any one time may exceed expectations. As described further in the Governing Documents, operating expenses encompass a broad swath of expenses and include all expenses of operating the Client. Expenses to be borne by the general partner of the Client or FRAM are only limited to those items specifically enumerated in the Governing Documents (such as rent for office space, office furniture and salaries of its employees), and all other operating expenses will be borne by the Underlying Investors. From time to time, FRAM and its affiliates will be required to decide whether costs and expenses are to be borne by the Client, on the one hand, or the general partner, FRAM or its affiliates, on the other, and/or whether certain costs and expenses should be allocated between or among multiple Clients. FRAM will make such judgments notwithstanding its interest in the outcome, but Underlying Investors should be aware that these judgments are subjective in nature and pose the potential for a conflict of interest.

### ***Limited Control of Underlying Investments***

A Client may not have the right to participate in the management of investments. Investments by many of our Clients will include debt instruments and equity securities of companies that we do not control. Such instruments and securities may be acquired by our Clients through trading activities or through purchases of securities from the issuer. In addition, our Clients may seek to acquire minority equity interests more frequently and may also dispose of a portion of their majority equity investments in portfolio companies over time in a manner that results in a Client retaining a minority investment. Furthermore, while certain of our Clients will potentially make “toe-hold” distressed debt investments in a company with the intention of obtaining control, there is no assurance that a control position may be obtained and such Client may retain a minority investment. To the extent that a Client does not acquire a controlling interest in an issuer, the day-to-day operations of such issuer will be the responsibility of such company’s management team. In such instances, a Client is subject to the risk that an issuer may make business decisions with which FRAM disagrees, and the stockholders and management of such company may take risks or otherwise act in ways that do not serve a Client’s interests. As a result, an issuer may make decisions that could decrease the value of a Client’s investment and, in turn, have a material adverse effect on the value of the interests.

### ***Lack of Diversification and Portfolio Concentration***

While diversification is generally an objective of our Clients, there can be no assurance as to the degree of diversification, if any, that will be achieved in any Client investments. Difficult market conditions or slowdowns affecting a particular asset class, geographic region or other category of investment could have a significant adverse impact on a Client if its investments are concentrated in that area, which would result in lower investment returns. This lack of diversification may expose a Client to losses disproportionate to market declines in general if there are disproportionately greater adverse price movements in the particular investments. If a Client holds investments concentrated in a particular issuer, security, asset class or geographic region, such Client may be more susceptible than a more widely diversified investment partnership to the negative consequences of a single corporate, economic, political or regulatory event.

Certain Clients focus or tend to hold investments that are concentrated in a particular issuer, security, asset class or geographic region, and may have a limited number of targeted investments, as such, some Clients may be more susceptible than a more widely diversified investment strategy to the negative consequences of a single corporate, economic, political or regulatory event. These Clients may at certain times hold large positions in a relatively limited number of investments. These more concentrated strategies could be subject to significant losses when holding a relatively large position in a single issuer, industry, market or a particular type of investment declines in value, and the losses could increase even further if the investments cannot be liquidated. Accordingly, a lack of diversification and a specified concentration in asset classes or markets could adversely affect a Client's performance.

### ***Investments in Privately Held Early-Stage Companies***

Certain Clients invest in privately held U.S. companies that are in earlier stages of their corporate lifecycle. Investments in privately held those companies involve a number of significant risks, including the following:

- these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of a Client realizing any guarantees such Client may have obtained in connection with such investment;
- they 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;
- they typically 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 a Client's investment;
- they generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- they may have difficulty accessing the capital markets to meet future capital needs; and
- there is ordinarily a more limited secondary trading market for the sale of interests in smaller, private companies, which may limit exit opportunities for our Clients.

### ***Risks Affecting Debt Instruments Generally***

Certain Clients invest in our credit strategies. Debt instruments held by such Clients are subject to general market and credit and interest rate risks. Credit risk refers to the likelihood that an obligor will default on the payment of principal, interest or other amounts owed on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or other assets expected to be the source of repayment or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and debt instruments that are rated by rating agencies are subject to downgrade at a later date.

Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate obligations) or directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively affect the price of a fixed rate debt instrument and falling interest rates will have a positive effect on the price of a fixed rate debt instrument. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms,

including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

### ***U.S. Taxation on Carried Interest***

U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships, such as certain of our Clients, 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 (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 Client, its general partner, or FRAM 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 Client. This creates potential incentives for FRAM to cause a Client to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

### ***Highly Leveraged Borrowers***

The issuers of debt in which a Client may invest are likely to be highly leveraged, which may have adverse consequences to these companies and to a Client as an investor. Leverage generally magnifies both the Client's opportunities for gain and its risk of loss from a particular investment. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and the leverage may impair these companies' ability to operate their business as desired and/or finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. A borrower's leverage may adversely impact a Client in a number of ways, such as creating a greater possibility of default or bankruptcy of the borrower. It is also possible that the pledging of collateral (if any) to secure debt could be found to constitute a fraudulent conveyance or preferential transfer which would be nullified or subordinated to the rights of other creditors of the borrower under applicable law.

### ***Risks of Subordinated Loans***

Certain Clients invest in loans or securities that are subordinate in right of payment to one or more senior secured loans and, therefore, are subject to additional risks that the cash flows of the related obligor(s) and any property securing such subordinated loan may be insufficient to make the scheduled payments after giving effect to any senior secured loans of the related obligor(s). Subordinated loans are expected to be more illiquid investments than senior secured loans, which are themselves illiquid investments.

Unsecured loans are unsecured obligations of the applicable obligor(s), may be subordinated to other obligations of such obligor(s) and generally have greater credit, insolvency and liquidity risk than is typically associated with secured obligations. Unsecured obligations will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of an obligor of an unsecured obligation, the holders of such unsecured obligation will be considered general, unsecured creditors of such obligor, will have fewer rights than secured



creditors of such obligor and will be subordinate to the secured creditors of such obligor with respect to the related collateral.

### ***Unrated or Below-Investment Grade Debt Investments***

A Client's debt investments may be risky and such account could lose all or part of its investment. The debt investments held by our Clients are typically not initially rated by any rating agency, but FRAM believes that if such investments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's Rating Service). Indebtedness of below investment grade quality is regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Therefore, the Client's investments may result in an above average amount of risk and volatility or loss of principal.

### ***Revolving Credit Facilities and Unfunded Loans***

Revolving credit facilities and other committed unfunded loans, which are loan commitments that are unfunded at the time of investment, are written agreements in which the lender commits itself to make a loan or loans up to a specified amount within a specified time period. The loan commitment sets out the terms and conditions of the lender's obligation to make the loans. The portion of the amount committed by a lender under a loan commitment that the borrower has not drawn down is referred to as "unfunded." A lender typically is obligated to advance the unfunded amount of a loan commitment at the borrower's request, subject to certain conditions regarding, among other things, the creditworthiness of the borrower. Borrowers with deteriorating creditworthiness may continue to satisfy their contractual conditions and therefore be eligible to borrow at times when a Client might prefer not to lend. In addition, a lender may have assumptions as to when the borrower may draw on an unfunded loan commitment when the lender enters into the commitment. If the borrower does not draw as expected, the commitment may not result in as attractive an investment as originally anticipated for our Clients.

### ***Investment in Special Situations and Distressed Securities***

Certain Clients are authorized to invest in the securities and obligations of distressed companies, and including companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. Investments in such companies are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments. In addition, these securities may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. In any investment transaction involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will may be materially less than the purchase price paid by a Client for the security or other financial instrument in respect of which such distribution is received. Similarly, if such an anticipated transaction does not in fact occur, a Client may lose all or a material portion of its investment.

### ***Bankruptcy***

A Client may hold investments in obligors that are experiencing, or are expected to experience, severe financial difficulties, which may never be overcome and may lead to uncertain outcomes. The bankruptcy courts of the various jurisdictions in which any such obligor may file bankruptcy

would have broad discretion to control the terms of a reorganization, and political factors may be of significant importance in high profile bankruptcies or bankruptcies in particular jurisdictions.

There are a number of significant risks inherent in the bankruptcy process. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court, in the exercise of its broad powers, would not approve actions that would be contrary to the interests of the Client. For example, in order to protect net operating losses of an obligor in bankruptcy, a bankruptcy court might take any number of actions, including prohibiting or limiting the transfer of claims held by certain classes of creditors. Such a prohibition could have a material adverse effect on the value of certain investments made by a Client. For example, a Client might be prohibited from liquidating investments which are declining in value.

In addition, under certain circumstances, a lender, such as a Client, who has inappropriately exercised control of the management and policies of an obligor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Client and distributions by a Client to its investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or similar transaction under applicable bankruptcy or other insolvency laws. Furthermore, investments held by a Client may be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability or the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

### ***Digital Assets***

Certain risks relating to digital assets generally differ from those of traditional currencies, commodities or securities. Importantly, digital assets are oftentimes not directly backed by a central bank or a nation, supra national or quasi national organization, any hard assets, human capital, or other form of credit. Rather digital assets are market based: a digital asset's value is determined by (and fluctuates often, according to) supply and demand factors, and the value that various market participants place on it through their mutual agreement.

### ***Venture or Growth Stage Companies***

Venture or early growth stage companies involve higher risks in some respects than do investments in larger or more established companies. For example, prices of small capitalization companies are often more volatile than prices of large capitalization companies and the risk of bankruptcy or insolvency of many smaller companies is higher than for larger, "blue-chip" companies. In addition, there may be fewer investors for smaller companies, making an investment in those companies highly illiquid. Some small companies have limited product lines, distribution channels and financial and managerial resources. Some of the companies in which Clients may invest may have product lines that have, in whole or in part, only recently been introduced to market or that may still be in the research or development stage. Such companies may also be dependent on personnel with limited experience.

### ***Minority Investors***

Third-parties have acquired (and other third-party investors may in the future acquire) minority ownership interests in Forest Road, which owns FRAM and certain of its affiliates. The existence of minority investors raises certain conflicts of interest. Specifically, the minority investors are investors in certain Private Funds and other investment vehicles and could subsequently invest in another Private Fund or investment vehicle with economic interests in a general partner

associated with FRAM and, in such capacity, may be entitled to receive a portion of the net income to which FRAM or its affiliates would otherwise be entitled. FRAM does not expect that the minority investors would be involved in the management of the Private Funds, its general partners or FRAM. The existence of these minority economic interests could diminish the alignment of a minority investor's interests with the other Clients or Underlying Investors. Additionally, minority investors may have relationships with other investment vehicles and accounts that could give rise to potential conflicts of interest. For example, the minority investors and/or their affiliates may sponsor, advise, underwrite, manage or invest in other investment vehicles and accounts that pursue investment strategies similar to those of Clients. Such activities could adversely affect a Client; for example, minority investors and/or its affiliates may compete with Client for investment opportunities, and FRAM expects that the minority investors would be under no obligation to share any investment opportunity, idea or strategy with Clients, their general partners or FRAM.

## **ITEM 9: Disciplinary Information**

FRAM and its supervised persons have not been involved in any legal or disciplinary events that are material to a Client's or potential Client's evaluation of our advisory business or the integrity of FRAM's management.

## **ITEM 10: Other Financial Industry Activities and Affiliations**

FRAM serves as the investment adviser to the Forest Road Digital Fund Series, LP and the Forest Road Opportunity Fund, LP in addition to other Clients while affiliates of FRAM serve as the general partners of such vehicles.

FRAM is under common control with About Corporate Finance Corporation (“ACF”), a broker-dealer and FINRA member firm that provides private placement and M&A advisory services (CRD #: 148232 / SEC #: 8-67993). FRAM does not currently conduct any brokerage or advisory business with ACF.

FRAM is under common control with Forest Road Securities, a broker-dealer and FINRA member firm that provides investment banking services (CRD #: 313784 / SEC #: 8-70696). FRAM does not currently conduct any brokerage or advisory business with Forest Road Securities. Forest Road Securities filed a Form BDW with FINRA earlier this year and expects its de-registration to be complete in the first half of 2024.

None of FRAM’s management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

FRAM does not recommend or select other investment advisers for its Clients.

## **ITEM 11: Code of Ethics, Participation / Interest in Client Transactions and Personal Trading**

FRAM has adopted a Code of Ethics (the “Code”), which sets forth standards of conduct that are expected of FRAM’s principals and employees and addresses conflicts that arise from personal trading. The Code requires certain FRAM personnel to report their personal securities transactions, prohibits or requires pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering or limited offering, and prohibits FRAM personnel from directly or indirectly acquiring beneficial ownership of securities without first obtaining approval from the FRAM’s CCO, with limited exceptions. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. Clients or prospective Clients may obtain a copy of the Code of Ethics by contacting FRAM by email at [legal@forestroadco.com](mailto:legal@forestroadco.com) or by telephone at (302) 265-0167. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client’s interests in Client eligible investments.

From time to time, FRAM and its affiliated persons may come into possession of material nonpublic 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, FRAM and its affiliated persons are 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 FRAM. Accordingly, should FRAM or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, FRAM generally would be prohibited from communicating such information to Clients, and 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 FRAM personnel serving as directors of public companies and may restrict trading on behalf of Clients.

Senior management and certain investment professionals of FRAM and its affiliates are generally expected to directly or indirectly own an interest in one or more Private Funds and certain Clients may require that FRAM and its related persons co-invest in their transactions. As a result, we are considered to participate in transactions effected for Clients. While we believe that these arrangements align our interests as well as those of our related persons with the interests of our Clients and Underlying Investors, since the amount and terms of such investments may vary depending on the particular Client, such interests may present conflicts of interest when determining how much, if any, of certain investment opportunities to offer to a Client or when determining when to dispose of such opportunities. FRAM seeks to manage any potential conflicts of interest in good faith, and subject to the provisions of the Governing Documents of the applicable Clients. FRAM is **also** guided by its fiduciary duties to its Clients on any matter involving a conflict of interest. As described in Item 12, FRAM’s policy is that all investment opportunities will, to the extent practicable, be allocated among Clients on a basis that over a period of time is fair and equitable to each Client, taking into account the relevant Governing Documents and relevant facts and circumstances.

As noted in Item 5 above, FRAM, its affiliates or supervised persons will receive transaction fees, including but not limited to break-up fees, financing commitment fees, termination fees, monitoring fees and directors’ fees, in connection with investments made by Clients. Such fees are generally waived or offset in whole against management fees payable to FRAM by the Client. As a result,

FRAM, its affiliates, and/or its employees in such cases likely would be considered to have a material financial interest in a Private Fund's underlying transactions.

FRAM and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who are not Clients, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, such Client even though their investment objectives may be the same or similar, subject in each case to any limitations imposed by the relevant governing documents and FRAM's policies and procedures.



## ITEM 12: Brokerage Practices

FRAM focuses on private securities transactions and generally makes investments such companies through privately-negotiated transactions. However, FRAM reserves the right to transact in such securities on behalf of Clients using a broker-dealer, including when a public trading market exists. Although FRAM does not intend to regularly engage in public securities transactions, to the extent it does so on behalf of its Clients, it intends to follow the brokerage practices described below.

If FRAM transacts in publicly traded securities on behalf of its Clients, it will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute Client transactions, FRAM will 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.

FRAM 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 FRAM 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 seeking to obtain best execution, brokerage commissions on Client transactions are permitted to be directed to brokers in recognition of research furnished by them or a designated third party, as well as for services rendered in the execution of orders by such broker or dealer, although FRAM generally does not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all FRAM’s Clients. However, each and every research service may not be used for the benefit of each and every Client (and may benefit FRAM, as it may not have to pay for such services out of its own resources), 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. FRAM will not employ an agreement or formula for the allocation of brokerage business on the basis of research services and will not attempt to put a specific dollar value on services rendered.

FRAM expects on occasion to determine which brokers have provided research that has been helpful in the management of Clients. To the extent consistent with FRAM’s goal to obtain best execution for their Clients, FRAM reserves the right to seek to place a portion of the trades that it directs with the brokers who are identified through this process.

Certain brokers will potentially also provide investment banking services to FRAM. The provision of such services is not taken into account in allocating Client brokerage to such firm.

FRAM does not anticipate engaging in significant public securities transactions; however, to the extent FRAM 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. From time to time, FRAM expects, but is not obligated, to purchase or sell securities for several Client accounts at approximately the same time. Such orders may be combined or “batched”; however, FRAM



generally does not expect to do so. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

### **ITEM 13: Review of Accounts**

As investments made by Clients are generally private, illiquid and long-term in nature, the review process is not directed toward a short-term decision to dispose of securities. However, FRAM closely monitors the underlying investments in which its Clients invest. Additionally, FRAM's Chief Compliance Officer periodically checks to confirm that each Client is being managed in accordance with its stated objectives.

Each of FRAM's SMAs receives a quarterly report describing an itemized list of the invested assets with that quarter's fair values, as well as the total fair value of the invested assets, together with a summary of investment activity and results. In the case of any underlying investments through special purpose vehicles, the report reflects the Client's equity in such special purpose vehicle, as well as the underlying assets of such special purpose vehicle attributable to such equity.

Each Private Fund generally will provide its limited partners annual audited and quarterly unaudited financial statements, a Schedule K-1, and any additional information as required by the Private Fund's Governing Documents. In addition to the information generally provided to all investors in a particular Private Fund, FRAM may provide certain Underlying Investors with additional information or more frequent reports that other Underlying Investors will not receive (e.g., in connection with certain side letter provisions, diligence requests, or certain co-investments).

#### **ITEM 14: Client Referrals and Other Compensation**

FRAM may retain one or more placement agent(s) on behalf of its Private Fund Clients. It is anticipated that such placement agent(s) will be compensated by FRAM (as applicable) at no additional cost to the Private Fund or its Underlying Investors.

Before making payments for any referral, FRAM requires each such placement agent to enter into a written referral agreement. This agreement will comply with the requirements set out in Rule 206(4)-1 of the Investment Advisers Act of 1940, including the requirement that the relationship between the placement agent and the investment adviser be disclosed to the potential Client or Underlying Investor at the time of the solicitation or referral. Referral fees may be paid based on a percentage of the annual management fees received by FRAM, by granting carried interest participation, based on a percentage of the capital commitments, or a combination thereof, with respect to referred accounts.

## **ITEM 15: Custody**

FRAM is deemed to have custody of funds and securities held by certain Clients because it has the authority to obtain possession of such funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. FRAM does not have custody over the assets of the SMAs except to the extent they are invested in another Client. FRAM is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). All Client assets over which FRAM is deemed to have custody are maintained with qualified custodians. However, FRAM is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Private Funds because it complies with subsection (b)(4) of the Custody Rule which, among other things, requires that such Private Funds be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Private Fund distribute its audited financial statements to all of its Underlying Investors within 120 days of the end of its fiscal year.

## **ITEM 16: Investment Discretion**

Except as otherwise noted below, FRAM has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of its Clients. This discretionary authority is subject to the investment objectives, policies and restrictions as set forth in the Governing Documents of each such Client. For FRAM to assume such discretionary authority, each Underlying Investor must complete the appropriate Client subscription documents or an investment advisory agreement prior to the establishment of an advisory relationship granting such authority. With respect to certain Clients such as the SMAs, FRAM is required to obtain approval for investment decisions and certain other actions as set forth in the applicable Governing Documents. Except for certain discretionary authority expressly granted in the applicable Governing Documents, FRAM generally considers the unfunded portions of the SMAs to be managed on a non-discretionary basis.

## **ITEM 17: Voting of Client Securities**

While FRAM does not primarily invest in securities with voting rights, it maintains a proxy voting policy in case a proxy should need to be voted in the future. Unless otherwise directed by a Client or provided in the applicable Governing Documents, FRAM will vote all proxies to the extent it has discretionary authority over the applicable assets. When voting proxies, FRAM shall implement decisions in the best interest of its Clients as a whole and act in a manner deemed prudent, diligent, and that it believes enhances the value of the assets/asset proceeds of accounts.

Where a proxy proposal raises a material conflict of interest between FRAM's interests and the Clients' interests, FRAM will disclose such conflict to the relevant Clients and obtain their consent to the proposed vote prior to voting the securities. When a Client does not respond to such a conflict disclosure request or denies the request, FRAM will abstain from voting the securities held by that Client's account. FRAM's Proxy Voting Policy, adopted in compliance with Rule 206(4)-6 under the Advisers Act, contains guidelines that describe matters that may be voted for, or against; each voting determination is handled on a case-by-case basis.

To request a copy of the Proxy Voting Policy or if applicable, to obtain information on how security proxies were voted please send a written request (and specified time period) to [legal@forestroadco.com](mailto:legal@forestroadco.com) or telephone (302) 265-0167.

**ITEM 18: Financial Information of The Adviser**

No financial events have occurred with respect to FRAM that would negatively affect its financial viability. There is no financial condition of FRAM that is likely to impair its ability to meet contractual commitments to Clients.