

FalconPoint Capital Partners LLC

600 Lexington Avenue, 28th Fl.
New York, New York 10022

March 29, 2024

This Brochure provides information about the qualifications and business practices of FalconPoint Capital Partners LLC (“**FalconPoint**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact us at 212 301 7601 or by email at compliance@falconpointpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration of an investment adviser does not imply that FalconPoint or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about FalconPoint is also available on the SEC’s website at <https://adviserinfo.sec.gov/>.

Item 2: Material Changes

FalconPoint previously filed a Brochure dated December 22, 2023 in which it reported regulatory assets under management of \$182,000,000. Regulatory assets under management has since increased to \$553,000,000 as of March 29, 2024. Additionally, FalconPoint moved its offices to 600 Lexington Avenue, 28th Floor, New York NY 10022.

Investors and prospective investors are encouraged to read the Brochure in its entirety.

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Item 4: Advisory Business

FalconPoint is a Delaware Limited Liability Company formed in May 2023. The Firm's principal place of business is located in New York, New York. As indicated on the Firm's Form ADV Part 1A, the Firm's principal owner and managing member is Russell Gehrett.

FalconPoint is an investment management firm that provides advisory services on a discretionary basis to privately offered pooled investment vehicles, which are intended for investment by certain investors that are accredited investors under Rule 501 of Regulation D of the Securities Act of 1933, as amended, and qualified purchasers under Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "**Company Act**") so as to comply with the exemption under Section 3(c)(7) of the Company Act.

FalconPoint provides discretionary investment advisory services to private funds (each a "**Fund**" or "**Client**" and collectively the "**Funds**" or "**Clients**"), each a Delaware limited partnership. Investment advice is provided by FalconPoint directly to the Funds and not individually to the investors or limited partners thereof, subject to the direction and control of the General Partner. "**Investors**" refer to investors or limited partners in the Funds. All Funds are governed by a private placement memorandum and limited partnership agreements collectively referred to as the "**Governing Documents**". The Funds shall rely on all disclosures and conditions contained in the Governing Documents.

The Firm is focused on providing flexible, tailored capital solutions. FalconPoint invests in the business services and industrial sectors, where the Firm partners with experienced management teams to accelerate company growth, as well to support strategic investment and transformation. The Firm focuses on acquiring both minority and majority stakes in well-positioned companies through prudent deployment of leverage, while maintaining operational flexibility and pursuing growth targets. The Firm also seeks to invest behind founders, owners, and executives who seek liquidity and a value-additive partner while retaining majority control over their business.

FalconPoint structures investments across the capital structure, including preferred equity, warrants, and debt-like instruments. The Firm may also assist companies in divesting assets and/or business divisions.

The investment objectives and strategy for the Funds are described in the relevant Governing Documents. FalconPoint provides investment management services based on the specific investment objectives and strategies and not individually to Investors. Such Investors should consider whether the investment strategies are in line with their risk tolerance.

FalconPoint does not participate, sponsor or act as a portfolio manager for any wrap fee programs.

Client Assets

As of March 29, 2024, FalconPoint has approximately \$553 million of regulatory assets under management on a discretionary basis and non-discretionary basis.

Item 5: Fees and Compensation

FalconPoint receives a management fee and a carried interest in connection with advisory services. FalconPoint could receive additional compensation in connection with management and other services performed for portfolio companies of the Fund and such additional compensation will offset in whole or in part the management fees otherwise payable to FalconPoint in accordance with the relevant Governing Documents. In addition, in certain circumstances, FalconPoint could receive compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses.

The actual fees and expenses applicable to the Fund are set forth in detail in the Fund's respective Governing Documents. A brief summary of those fees and expenses is provided below.

Management Fees

The Funds will pay FalconPoint a management fee (the “**Management Fee**”) as compensation for its investment advisory services. The Management Fees that will be provided to FalconPoint may vary based on the Fund, and are subject to such Fund’s Governing Documents. In general, it is anticipated that Management Fees for a Fund typically will be calculated as a percentage of unaffiliated investor capital commitments or aggregate investment contributions to such Fund, depending on the life cycle stage of the Fund, and in each case subject to certain adjustments. The Management Fee may, however, be calculated on a different basis, if the applicable Fund’s Governing Documents so provide.

Investors participating in a subsequent closing after the initial closing date will be assessed Management Fees retroactive to the initial closing date as if such limited partner were admitted for its full Commitment on the initial closing date, plus interest.

As is generally the case in private equity funds, the Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund’s net asset value, including following the investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of investments permanently written down or completely written off for U.S. federal income tax purposes. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (e.g., those resulting from a dividend recapitalization) or partial sales of investments.

In many circumstances, the fair value component of such Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently 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.

The Firm reserves the right to receive a transaction fee (“**Transaction Fee**”) in connection with investments made by the Funds, which may or may not reduce Management Fees depending on the terms of the applicable Fund’s Governing Documents.

FalconPoint may be paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to the relevant allocable portion on a fully diluted basis of any such fee and not the portion of any fee that relates to such General Partner or “affiliated partner” commitments or that relates to co-investors or potential co-investors (which could include co-investment vehicles managed by FalconPoint, third parties, portfolio company management or employees and/or others), which have the potential to be significant. Accordingly, the Fund will, in most cases, only benefit from the Management Fee reduction described above with respect to their allocable portion of any such fees and not the portion of any such fees allocable to any other person that holds an economic interest in (or, in the case of an unconsummated transaction, would have held an economic interest in) the applicable investment or potential investment. Transaction Fee offsets generally are also performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such fees or the provision of related services, and to the extent. Unless otherwise agreed with investors, Transaction Fees generally will be payable without further offset during term extensions, even if Management Fees are reduced or eliminated during the extended term, thus reducing the amounts of Management Fees actually offset. Transaction Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Transaction Fees paid prior to the Fund’s acquisition of the relevant investment.

In certain circumstances, FalconPoint expects that co-investors, lenders, consultants or other parties from time to time will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. For the avoidance of doubt, FalconPoint also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

The Governing Documents generally permit FalconPoint to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the General Partners, which is effectively invested in the relevant Fund on such General Partner's behalf and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The Investors of such Fund may be required to make a pro rata contribution according to their respective Commitments to fund any contribution that would otherwise be required of FalconPoint in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by FalconPoint and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

Expenses

The Funds will be responsible, or will reimburse FalconPoint, for expenses (including transportation, meal and lodging expenses of the personnel of the General Partner and the Firm) relating to the origination, evaluation, due diligence, structuring, acquisition, financing, asset management, holding, capitalization and sale or disposition of any and all investments (whether or not consummated) and costs of related information management and trading systems, fees, costs and expenses related to the organization, operation or maintenance of any intermediate entities used to acquire, hold or dispose of any investment or otherwise facilitate the Fund's investment activities, including without limitation any travel and accommodation expenses related to such entity or other related overhead expenses.

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

FalconPoint will typically receive a carried interest with respect to the Funds, of up to 25% of all realized profits, subject to a specific preferred return with a related General Partner catch-up provision, as more fully described in the respective Governing Documents. The carried interest distributed to FalconPoint is subject to a potential giveback at the end of the life of the Funds if FalconPoint has received excess cumulative distributions.

Performance based compensation may create potential conflicts of interest. Performance based compensation may create an incentive for FalconPoint to recommend that the Fund make investments that are riskier than necessary or to encourage them to overstate their valuations which would benefit the Firm. However, FalconPoint believes that the equity commitment by the Firm in the Fund helps to align the interests of the Firm with those of the Fund, as do fee escrow arrangements. In addition, all valuations are carried out by independent valuers and all investments are subject to review and approval by an independent investment committee.

FalconPoint as manager of the Funds may, in its sole discretion, waive, rebate, or otherwise vary (but not increase) the Performance Fee payable in whole or in part, or may rebate or waive the Performance Fee payable in whole or in part for certain Investors.

Item 7: Types of Clients

FalconPoint provides investment advisory services to privately offered pooled investment vehicles, which are intended for investment by certain investors that are qualified purchasers as defined by the Investment Company Act of 1940 ("**Company Act**"). The investors participating in the Fund may include high net worth individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates, charitable organizations, other

corporations or business entities, and will include, directly or indirectly, the partners, principals, or other employees of FalconPoint and its affiliates and members of their families, or other service providers retained by FalconPoint.

In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) “accredited investors,” as defined under Regulation D of the Securities Act of 1933, as amended (the “**Securities Act**”), and (ii) either “qualified purchasers” or “knowledgeable employees,” as defined under the Company Act. FalconPoint may waive such qualification requirements in certain circumstances.

The Clients will include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Documents of the related Fund.

The Funds generally may require a minimum investment amount for third-party investors, and the Funds’ interests are offered and sold solely to accredited investors that are also qualified clients. FalconPoint is permitted to waive such minimum investment amount in its sole discretion.

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

The investment strategies, methods of analysis, and material risks applicable to each Fund are set forth in detail in such Fund’s respective Governing Documents. A general summary of those investment strategies, methods of analysis, and material risks is provided below. There can be no assurance that FalconPoint will achieve the investment objectives of any Fund and a loss of investment is possible.

On behalf of the Fund, FalconPoint seeks to invest in middle market companies through various transaction types, ranging from traditional buyouts to minority growth investments, to complex carve-outs or balance sheet restructurings. The Firm takes a value-oriented approach to evaluating investment opportunities, with a focus on identifying structural and market impediments that prevent high quality businesses from achieving full growth potential and optimal valuation. FalconPoint seeks to partner with portfolio company management teams to accelerate growth and reposition companies by making strategic investments in people, processes and systems.

To facilitate its investment strategy, FalconPoint directs its analysis towards companies that typically meet the following criteria: (i) possess skilled and accomplished leadership teams; (ii) demonstrate a track record of strong earnings and cash flow performance; (iii) maintain a substantial market presence through differentiated product suites or value-added services, establishing sustainable market positions; (iv) achieve a sufficiently high return on assets, enabling them to sustain an optimal, but flexible, level of debt; and (v) showcase considerable potential for significant growth in equity value.

FalconPoint will primarily focus on North American investment opportunities in the business services and industrial sectors.

All investments involve some degree of investment risk. Investment risk can be defined as the probability of losing capital or not receiving income over a given timeframe. As a general rule, the higher the potential return on an investment, the higher the potential investment risk.

It is not possible to identify every risk factor relevant to investing in the Fund. However, some of the risks that can potentially affect the value of Fund investments and the distributions paid by a Fund are liquidity risk, construction and operation risks, risks resulting from market conditions, gearing and interest rate risk, inflation risk, regulatory risk, taxation risk, currency risk, valuation risk, price and volume risk, technology and disruption risk, counterparty risk and others. A further description of each of these risks is set out in the Governing Documents in relation to the respective Fund.

General Risks

Business Risk. The Funds' investment portfolios may consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Absence of Operating History. The Funds have no operating history and will be entirely dependent on FalconPoint. Furthermore, there can be no assurance that a Fund's investments will achieve results similar to those attained by previous investments of the Partners. In addition, the Funds' investments may differ from previous investments made by the Partners in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure, and holding period.

Joint Ventures. The Funds may co-invest with third parties through partnerships, joint ventures or other entities. Such investments will involve risks in connection with such third-party involvement, including the possibility that a co-venturer may have financial difficulties that negatively impact the private investment. Further, a co-venturer may have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of its third-party partners or co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to the Private Investment, including reimbursement of expenses, incentive compensation arrangements and fees payable to such third-party partners or co-venturers.

Reliance on the Investment Manager. The Fund's investments will be managed by the Firm. The investors will not make decisions with respect to the selection, management, disposition or other realization of any investment, or any other decisions regarding the Fund's business and affairs. Consequently, the success of the Fund will depend, in large part, upon the skill and expertise of the Firm's investment professionals. There is no assurance that such investment professionals will continue to be involved in the management of the Fund. Loss of services of certain of such investment professionals could have a material and adverse effect on the Fund. In addition, although the Firm's investment professionals will be actively involved in the business and affairs of the Fund, such investment professionals will also spend time managing the existing investments of other funds and providing support to affiliates that may manage other investment vehicles.

Geopolitical Risks. An unstable geopolitical climate and continued threats of terrorism and war could have a material effect on general economic conditions, market conditions and market liquidity. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default of particular Investments, negatively impact market value, increase market volatility and cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the Fund's returns. No assurance can be given as to the effect of these events on the value of or markets for the Investments.

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

Legal, Tax and Regulatory Changes. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund. There is a material risk that regulatory agencies in the United

States or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the Funds they sponsor. Future legal, tax and regulatory changes could occur that may adversely affect business and require additional reporting for registered investment advisors. The SEC, other regulators and self-regulatory organizations have taken various actions in connection with market events and may take additional actions. Registered investment advisors may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. Legal, tax and regulatory changes, as well as judicial decisions, could adversely affect the FalconPoint and its Clients, particularly those clients that are private funds. In particular, the regulatory environment relevant to private investment funds is evolving and may entail increased regulatory involvement in FalconPoint's business or result in ambiguity or conflict among legal or regulatory schemes applicable to FalconPoint's business, all of which could adversely affect the investment strategies pursued or the value of investments held by a Client.

From 2022 through the first quarter of 2024, the SEC voted to adopt several new rules and amendments that will affect FalconPoint's business and the Clients. In addition, during this same time period, the SEC proposed several new rules and amendments that, if adopted, can be expected to affect FalconPoint's business and the Clients. The scope and timing of any final rules and amendments with respect to the foregoing proposals is unknown. If adopted, even with modifications, these rules and amendments would be expected to significantly increase compliance burdens and associated regulatory costs and operational complexity. The cost of implementing requirements relating to such proposals is expected to be substantial and may, to the extent permitted by the relevant Governing Documents and applicable regulations, be borne by the FalconPoint, the Funds or other Clients, and/or portfolio investments of the Funds and other Clients.

In August 2023, the SEC voted to adopt new rules and amendments to existing rules under the Advisers Act (collectively, the "**Private Fund Adviser Rules**") specifically related to investment advisers and their activities with respect to private funds. The various Private Fund Adviser Rules have compliance dates of either September 14, 2024 or March 14, 2025. The Private Fund Adviser Rules are likely to have a significant effect on the Registrant, the Clients and their operations, including increasing compliance burdens and associated regulatory costs and increasing the risk of regulatory action, including public regulatory sanctions, and may result in a change to FalconPoint's practices and create additional regulatory uncertainty. The Private Fund Adviser Rules are likely to result in material alterations to how FalconPoint operates its business and/or the Clients, as well as FalconPoint's implementation of the investment strategies of the Clients, and there can be no assurance that such alterations will not have a material adverse effect on the Registrant, the Clients and/or their portfolio companies. To the extent permitted under the constituent documents of a Client, the incremental costs of compliance by the Registrant, its related persons and/or such Client with any new SEC rules may be borne by such Clients, which may be significant. Further, the Private Fund Adviser Rules, other adopted rules, and any future rules that are adopted, could also significantly increase the cost of insurance, specifically Directors & Officers and Errors & Omissions insurance, or may even make such insurance coverage unavailable.

Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of the Funds, could adversely affect the ability of the Partners, employees or other individuals associated with the Funds, or FalconPoint who were or will in the future be granted direct or indirect interests in FalconPoint to benefit from carried interest taxed at lower rates. This may reduce such persons' after-tax returns from the Funds and FalconPoint, which could make it more difficult for FalconPoint and its affiliates to incentivize, attract and retain individuals to perform services for the Funds. These same issues will also apply to officers, directors and employees of the Funds' portfolio companies if such persons receive a profits interest in such companies.

Alternative Investment Fund Managers Directive. The AIFMD regulates the activities of certain private fund

managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). To the extent that the Funds are actively marketed to investors domiciled or having their registered office in the EEA: (i) the Funds and FalconPoint will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Funds incurring additional costs and expenses; (ii) the Funds and/or FalconPoint will become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Funds incurring additional costs and expenses or may otherwise affect the management and operation of the Funds; (iii) FalconPoint will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Funds in relation to EEA portfolio companies including, in some circumstances, the Funds’ ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Funds generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Funds to raise its targeted amount of Commitments.

In the future, it may be possible for non-EEA alternative investment fund managers (“AIFMs”) to market an alternative investment fund (“AIF”) within the EEA pursuant to a pan-European marketing “passport” instead of under national private placement regimes. The access to the passport may be subject to the non-EEA AIFM complying with various requirements under the AIFMD, which may include one or more of the following: rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on the use of leverage, additional disclosure and reporting requirements to both investors and EEA home state regulators, the independent valuation of an AIF’s assets, and the appointment of legal representatives and an independent depositary to hold assets. Certain EEA Member States have indicated that they will cease to operate national private placement regimes when or shortly after the passport becomes available, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the AIFMD in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, FalconPoint may not seek to market interests in the Funds in those jurisdictions, which may lead to a reduction in the overall amount of capital invested in the Funds. Alternatively, if the General Partners sought to comply with the requirements needed to use the passport, this could have other adverse effects including, among other things, increasing the regulatory burden and costs of operating and managing the Funds and its investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting FalconPoint’s ability to recruit and retain these personnel.

Other Catastrophic Risks. FalconPoint and/or the Funds may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on FalconPoint and/or the Funds operational and financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Funds participates (or has a material effect on any locations in which FalconPoint operates or on any of its personnel) the risks of loss could be substantial and could have a material adverse effect on the Funds or the ability of FalconPoint to achieve its investment objectives on behalf of the Funds.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, inflation rates, currency and exchange rates, industry conditions, competition, technological developments, trade relationships, supply-chain disruptions, economic sanctions, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the investment performance of clients. Economic, political and financial conditions, or industry or economic trends and developments, may, from time to time, and for varying periods of time, cause volatility, illiquidity or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a

natural or man-made disaster in a region or country where FalconPoint's client assets are invested may result in adverse consequences to such clients. None of these conditions are or will be within the control of FalconPoint, and no assurances can be given that FalconPoint will anticipate these developments.

As of the beginning of 2023, there is an especially high degree of economic uncertainty given elevated inflation, a rapid increase in interest rates by Central Banks, concerns around the stability of many U.S. financial institutions and a high level of geopolitical uncertainty in Europe and Asia. The likelihood of a recession, and the magnitude of any such recession, is highly uncertain and would have significant implications across asset classes, particularly if a recession occurs and is of significant magnitude or duration. In addition, due to the recent bank failures, at this time, there is a risk of loss of deposits in excess of \$250,000, risks surrounding liquidity concentration, systemic risk regarding the failure of other banks, and increased compliance costs associated with diversifying deposits among multiple banks. None of these conditions is or will be within the control of FalconPoint, and no assurances can be given that FalconPoint will anticipate these developments.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of FalconPoint and its affiliates, FalconPoint frequently comes into possession of confidential or material non-public information. Therefore, FalconPoint and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, the Funds may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or FalconPoint's internal policies.

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

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

Litigation. In the ordinary course of its business, the Funds may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of FalconPoint's and the Partners' 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.

Advisory Board. FalconPoint will appoint one or more limited partner representatives to the Advisory Board. The Partnership Agreement may provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Funds or any other Fund Partner. In addition, representatives of the Advisory Board may have various business and other relationships with FalconPoint and its partners, employees and affiliates. These relationships may influence their decisions as members of the Advisory Board.

Delayed Schedule K-1s. The Funds may not be able to provide final Schedule K-1s to limited partners for any given fiscal year until after April 15 of the following year. FalconPoint will endeavor to provide limited partners with final Schedule K-1s on or before such date, but final Schedule K-1s will not be available until the Funds have received tax-reporting information from its portfolio companies necessary to prepare final Schedule K-1s. Limited partners may be required to obtain extensions of the filing dates for their U.S. federal, state and local income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Funds.

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

Market Conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that FalconPoint believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds' ability to raise funding to support its investment objective.

Investment Risks

Significant Positions. The Fund may acquire more than 5% of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G with the SEC or may place a director on the board of

directors of such issuer, which would impose certain limitations on the Fund's ability to trade in such securities, including the restrictions of Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Under Section 16 of the Exchange Act, the Fund may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. In addition, in such circumstances the Fund will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Such regulations and limitations arising from significant positions of the Fund may cause increased transaction costs. Moreover, the Fund's ability to realize value from its Investments may depend upon the ability of the Firm to influence the management of the target company to take certain actions, including, for example, a recapitalization, restructuring, spinoff, sale of the business or enhancement to operating performance. If the Firm is incorrect in its assessment of the impact such action will have on the value of the target company, or if it is unsuccessful in encouraging the target company's management to take the desired action, the Fund may sustain a loss on its investment in the target company, resulting in a reduction of the value of the Fund's investment. The size of the Fund's investment position may also make it more difficult for the Fund to dispose of its holdings without impacting the price of its securities or otherwise limit the manner in which the Fund may seek to affect such disposition.

Board Participation. It is possible that the Fund's investment program may from time to time enable the Fund to place its representatives on boards of certain companies in which the Fund has invested. While such representation may enable the Firm to enhance the sale value of its investments, it may also prevent the Fund from freely disposing of its investments and may subject the Fund to additional liability. Although portfolio companies often purchase insurance to protect directors and officers from such liability, certain portfolio companies may not obtain such insurance and there can be no assurance that such insurance will prove sufficient even if obtained. If the Fund is a significant shareholder with board representation, the Fund could be subject to legal claims it would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities law claims and other board-related claims. The Fund will generally indemnify such representatives for claims arising from such board representation. The Fund will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

Financial Fraud at the Target Company. Instances of fraud and other deceptive practices committed by senior management of the target company may undermine the Firm's due diligence efforts with respect to the target company, and if such fraud is discovered, negatively affect the valuation of the Investments.

Active Management. FalconPoint's investment philosophy is based on the active management of the reorganization process of its portfolio companies and influencing and directing the post-reorganization business strategy, management and operations of its portfolio companies. While such management and ongoing direction has significant profit potential, it is unusually time intensive and may also have the effect of impairing the ability of the Fund to sell its Investments due to regulatory and/or market factors. Active management could also subject the Fund to legal claims and adverse publicity, including claims of breach of duty of loyalty, securities claims and other management-related claims.

Follow-On Investments. Following its initial investment in the target company, the Fund may be asked to provide additional funds to, or have the opportunity to increase its investment in, such company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient resources to, or be permitted to, make all such investments. Any decision by the Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on the target company, may result in missed opportunities for the Fund or may result in a dilution of the Fund's investment. There can be no assurance that a follow-on investment will be successful.

Uncertain Exit Strategies. The Firm is unable to predict with confidence what, if any, exit strategy will ultimately be available for the investments. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time such investment is ready to be realized due to economic, legal, political or other factors.

Reliance on Issuer Management. The target company's day-to-day operations will be the responsibility of the target company's management team. Although the General Partner and the Firm will be responsible for monitoring the performance of the investments and the Firm generally intends to invest in companies operated by strong management and which the Firm believes to have appropriate business models with a sustainable competitive edge, there can be no assurance that the existing management team, or any successor, will be able to successfully operate the target company in accordance with the Fund's plans, and the Firm may have little or no influence over the management of the target company.

Leveraged Investments; Borrowing. The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds' opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which are difficult to accurately forecast and may be impacted by regulatory restrictions and guidelines, and at times it may be difficult to obtain or maintain the desired degree of leverage.

The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Additionally, lenders would typically have a claim that has priority over any claim by the Funds to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time the Funds determine that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the Funds may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect the Funds' ability to generate attractive investment returns for the Funds as a whole. Any failure by lenders to provide previously committed financing could also expose the Funds to potential claims by sellers of businesses which the Funds may have been contracted to purchase.

The Funds may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). Although use of such borrowing facilities enhances FalconPoint's ability to close transactions quickly, such activity also increases risk and raises the possibility that FalconPoint will need to call additional capital to pay off such debt. Any use of leverage by the Funds may result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. The Funds may incur leverage on a joint and several basis with one or more other investment funds and entities managed by FalconPoint or any of its affiliates and, in connection with incurring such indebtedness, FalconPoint will, in its sole discretion, cause the Funds to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when the Funds were to seek to enforce any such right, any such entity could default on its obligation and/or such right will otherwise be unenforceable. In addition, to the extent the Funds incur leverage or provides any guaranty, such amounts may be secured by the capital commitments made by the Funds' investors and other Fund assets. The inability of the Funds to repay any leverage secured by the capital commitments of the Funds' investors could enable a lender to issue a capital call on behalf of FalconPoint.

To the extent the Funds provide bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Partnership Agreement, in which case the investment would be treated as a permanent investment of the

Funds. As a result, the Funds' portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Funds' investment limitations.

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

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear Management Fees through the Funds during the Investment Period based on the entire amount of the limited partners' Commitments and other expenses as set forth in the Partnership Agreement.

Dynamic Investment Strategy. While FalconPoint generally intends to seek attractive returns for the Funds primarily through making private equity investments as described herein, FalconPoint may pursue additional investment strategies and will modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. FalconPoint may pursue investments outside of the industries and sectors in which the Partners have previously made investments or have internal operational experience.

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

Future and Past Performance. The performance of the Partners' prior investments is not necessarily indicative of the Funds' future results. While FalconPoint intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

No Assurance of Investment Return. The Firm cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that any investor will receive any distributions from the Fund. Partial or complete sales, transfers or other dispositions of investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, an investment in the Fund should only be considered by persons who can afford a complete loss of their investment. There can be no assurance that projected or targeted returns for the Fund will be achieved.

Illiquid and Long-Term Investments. Although the investments may generate current income, the return of capital and the realization of gains, if any, from an Investment generally will occur only upon the partial or complete disposition of such Investment. While an investment may be sold at any time, it is generally expected that the disposition of the private investment will not occur for a number of years after such investment is made. The private investment is expected to require a substantial length of time to liquidate. The Fund generally will not be able to sell the private investment publicly unless such sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While

an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee payable to FalconPoint) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including unfunded Commitments.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the investments and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. While FalconPoint will devote its best efforts to the management of the Fund's portfolio, there can be no assurance that the Fund will not incur losses. Many unforeseeable events, including actions by various government agencies, such as the U.S. Federal Reserve Board, and domestic and international political events, may cause sharp market fluctuations.

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

Subscription Lines. The Funds may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Funds' investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partners' right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Funds fail to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Funds would likely be subordinate to the Funds' obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Funds' limited partners and the terms of the Partnership Agreement, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Funds' cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of the Funds and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the General Partners' ability to consent to the transfer of a limited partner's interest in the Funds. In addition, in order to secure a subscription line, the General Partners may request certain financial information and other documentation from limited partners to share with lenders. The General Partners will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partners to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the General Partners called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger

capital calls at the same time. The Funds may also utilize Fund-level borrowing when the General Partners expect to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Early Stage and Startup Investments. The Funds may make investments in startup and early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Funds will be successful.

Limited Transferability of Funds' Interests. There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

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

Reliance on the General Partners and Portfolio Company Management. Control over the operation of the Funds will be vested with FalconPoint, and the Funds' future profitability will depend largely upon the business and investment acumen of the Partners. The loss or reduction of service of one or more of the Partners could have an adverse effect on the Funds' ability to realize its investment objectives. If FalconPoint, which was recently established, is unable to attract or retain a sufficient number of investment professionals and other employees, it could have a similar adverse effect on the Funds. In addition, the Partners may in the future, manage other investment funds besides the Funds and the Partners will need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Partners. Limited partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of FalconPoint. In addition, certain changes in FalconPoint or circumstances relating to itself, or its affiliates may have an adverse effect on the Funds or one or more of its portfolio companies including potential acceleration of debt facilities.

Although FalconPoint will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives.

Conflicting Investor Interests. Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by FalconPoint regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, FalconPoint generally will consider the investment and tax objectives of the Funds and its limited partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Funds may decide to provide additional funds to such portfolio company or may have the opportunity to increase

its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Funds to increase its participation in a successful portfolio company or the dilution of the Funds' ownership in a portfolio company if a third-party invests in such portfolio company.

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Funds), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or the limited partners with respect to the Funds' income, and possible non-U.S. tax return filing requirements for the Funds and/or the limited partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements. FalconPoint may (but is not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds will incur costs related to such hedging arrangements, which will be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled.

Significant Adverse Consequences for Default. The Partnership Agreement provides for significant adverse consequences in the event a limited partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting limited partner may be forced to transfer its interest in the Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited partners admitted or that increase their respective Commitments to the Funds at subsequent closings generally will participate in then-existing investments of the Funds, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its *pro rata* share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.

General Partners' Carried Interest. The fact that the General Partners' carried interest is based on a percentage of net profits may create an incentive for the General Partners and/or its employees to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Transfer by FalconPoint. To the extent FalconPoint, the Partners and/or their respective affiliates commit to make a direct or indirect investment in or along-side the Funds, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreement.

Public Company Holdings. The Funds' investment portfolios may contain securities and debt issued by publicly held companies. Such investments will subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Partners, and increased costs associated with each of the aforementioned risks.

Distressed Investments. The Funds may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that FalconPoint will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. It may take a number of years for the market price of distressed securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (e.g., due to failure to obtain requisite approvals), or will be delayed (e.g., until various liabilities, actual or contingent, have been satisfied). In the event that a portfolio company does become involved in bankruptcy proceedings, or a restructuring, recapitalization or liquidation is required, the Funds may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Funds invested.

Fixed-Income Securities. The Funds may invest in bonds or other fixed-income securities of U.S. and non-U.S. issuers, including bank debt, loans, notes, debentures, and commercial paper, as well as derivatives thereon. The value of fixed-income securities in which the Funds invest will change in response to fluctuations in interest rates, which have been near historic lows. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Non-controlling Investments. The Funds may hold meaningful minority stakes in privately held companies and in some cases will have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate its interests than it would be had the Funds owned a controlling interest in such company. Even if the Funds have contractual rights to seek liquidity of the Funds' minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Funds, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Director Liability. The Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Funds' representatives, and

ultimately the Funds, to potential liability. Not all portfolio companies will obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Funds' investment activities.

Limitation of Recourse and Indemnification. The Partnership Agreement will limit the circumstances under which FalconPoint, and its affiliates will be held liable to the Funds. As a result, limited partners will have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreement will provide that the Funds will indemnify FalconPoint and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially impact the returns to limited partners.

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

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, FalconPoint will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by FalconPoint may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the Funds and FalconPoint will be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Funds and, ultimately, its investors.

Loans in Lieu of Distributions. Pursuant to the Partnership Agreements, certain distributions to FalconPoint may be deferred to the extent the amount distributable exceeds FalconPoint's tax basis in the Funds. In such case, the deferred distribution amount may be loaned by the Funds to FalconPoint. Any interest accruing with respect to such a loan will be allocated and distributed solely to FalconPoint.

Tax Liability Considerations. The Funds may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by the IRS, a limited partner might be found to have a different tax liability for that year than that reported on its federal income tax return. In addition, an audit of the Funds may result in an audit of the returns of some or all of the limited partners, which examination could result in adjustments to the tax consequences initially reported by the Funds and affect items not related to a limited partner's investment in the Funds. If such adjustments result in an increase in a limited partner's federal income tax liability for any year, such limited

partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Funds' tax return will be borne by the Funds. The cost of any audit of a limited partner's tax return will be borne solely by the limited partner. The taxation of partnerships and partners is complex.

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

ESG Matters. FalconPoint maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that FalconPoint will be able successfully to implement its ESG policy while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by FalconPoint, or any judgment exercised by FalconPoint, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what ESG characteristics mean by region, industry and topic, as well as the interpretations of their scope and materiality. FalconPoint's interpretations and decisions are expected to differ from others' views and could also evolve over time. In addition, in evaluating an investment, FalconPoint expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause FalconPoint to incorrectly assess a company's ESG practices and/or related risks and opportunities. FalconPoint does not intend to independently verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on FalconPoint's view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG policies. For avoidance of doubt, however, FalconPoint does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and FalconPoint's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. FalconPoint's ESG policies could become subject to additional regulation in the future, and FalconPoint cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

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

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

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

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

Selection of Service Providers. The Funds' advisors and service providers (including accountants, administrators, lenders, bankers, brokers, attorneys, tax counsel, consultants, order management system, and investment or commercial banking firms) or their affiliates may provide goods or services to, or have business, personal, financial or other relations with FalconPoint, its employees (or their family members), affiliates, the Funds, and/or portfolio companies. Such advisors and service providers may be investors in one or more of the Funds, sources of investment opportunities or co-investors or commercial counterparties or entities in which FalconPoint or its employees (or their family members) or affiliates have an investment.

Except as required by a Fund's Governing Documents, FalconPoint will generally have the discretion to select service providers independent of review by investors or consent by any relevant Fund or limited partner advisory committee. The Funds, unless otherwise specified or agreed, will bear the cost of all such service providers, as appropriate.

The service providers that FalconPoint selects for one or more of the Funds may also provide services to FalconPoint and/or its affiliates, or a portfolio company in a different capacity and/or at different rates. Fee discounts may be granted to FalconPoint, its affiliates in connection with such engagement and not the

Funds or a portfolio company, or vice versa. This creates a potential conflict of interest where the interests of the parties are not aligned where, for example, a law firm may be at the same time engaged to provide services to both FalconPoint and one or more of the Funds or a portfolio company.

Additionally, certain investors or employees of FalconPoint may have family members or relatives employed by such advisors and service providers. These relationships could influence FalconPoint or its affiliates or the applicable general partners in deciding whether to select or recommend such service providers to perform services for the Funds or portfolio companies (the cost of which will generally be borne directly or indirectly by the Funds or such entities, as applicable).

FalconPoint attempts to mitigate the conflicts of interest associated with the selection of service providers through the use of reasonable diligence to select service providers, including without limitation, law firms, taking into account such factors as expertise, availability and quality of service, competitiveness of compensation rates, operational and regulatory controls, and comparing those factors with other similar service providers.

Agreements with Certain Investors. Certain investors in the Funds have been granted and in the future additional investors may be granted one or more of the following rights with respect to their investments: (i) a reduced management fee and/or performance-based compensation and/or operating expense; (ii) the right to receive improved fees, liquidity, information rights and other terms received by other investors; (iii) the right to receive certain additional information with respect to certain funds, including position-level portfolio information or events related to FalconPoint; (iv) the right to reserved capacity for a certain fund; (v) notification to the investor with respect to the investor's ownership percentage of a certain fund; (vi) limitation on the investor's ownership percentage of a certain fund below certain thresholds; (vii) notification to the investor with respect to the ownership by benefit plan investors of a certain fund's equity classes; (viii) certain limitations on an investor's confidentiality obligations under a certain fund's organizational documents pursuant to laws or regulations to which the investor is subject (such as the public information or "sunshine" laws); and (ix) an acknowledgement that such investor is entitled to sovereign status under U.S. federal, state or non-U.S. law.

In addition to the above, certain investors in the Funds have been granted and in the future additional investors may be granted one or more additional rights with respect to their investments, including, but not limited to: (i) the right to opt out of the requirement to fund capital calls or otherwise be excused from participating in certain investments due to regulatory, tax or public policy or the investor's internal considerations; (ii) the right to designate one or more members of an investor advisory or oversight committee; (iii) rights with respect to distributions in kind; (iv) rights with respect to transfers of interests; (v) the right to receive information regarding the investment and/or disposition strategy of the relevant Fund; (vi) an acknowledgement that such investors are interested in learning about potential co-investment opportunities; (vii) the right to provide selected confidential information to certain other recipients, (viii) the right to modifications to an investor's subscription agreement, (ix) arrangements with respect to waivers of certain obligations, and (x) agreements by a general partner (or similar governing body) to refrain from exercising certain remedies or taking certain actions against an investor (including in connection with a default by such investor).

Such rights can be, and have been, granted on the basis of (i) the size, nature, timing or other features of the investor's investment in, or commitment made to, a Fund, (ii) the type, category, nature, specificity or other features of the investor, (iii) the involvement or participation in Fund's, FalconPoint's or the applicable general partner's management or activities (whether past, present and/or future; in each case only to the extent permitted under applicable laws), or (iv) any other criteria, element or feature as may be determined from time to time by, and in the discretion of, FalconPoint or the applicable general partner, to extent that such is not inconsistent with applicable laws and regulations.

Certain investors will be granted "most favored nation" rights (an "MFN") in their side letter, which will give such investors the right to review and/or elect the benefit of certain side letter rights granted to other investors that have made the same or smaller commitments to the Fund. However, certain provisions will not be subject to disclosure or election, in all cases in accordance with the terms of the MFN. FalconPoint will make certain decisions regarding how to implement the MFN, including what information to redact when side letters are shared, whether an investment policy or practice is unique to a limited partner (and therefore

not disclosable or electable) and whether certain affiliated, related or commonly advised investor commitments should be aggregated for purposes of the MFN. Further, the terms agreed with certain investors, including investors that are affiliated with or managed by FalconPoint, will be carved out in accordance with the terms of the MFN.

Certain investors may engage investment consultants to evaluate a potential investment by such investors in a Fund and/or monitor such investment on an ongoing basis. Such Fund could have an incentive to agree to provide additional information to such investment consultants, offer fee breaks to clients advised by such investment consultant (including by aggregating such investors for purposes of the MFN) or provide other benefits because such investment consultants may refer additional investors to the Funds.

Item 9: Disciplinary Information

FalconPoint nor its supervised persons have been subject to any disciplinary action, whether criminal, civil, or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of FalconPoint have been subject to such action.

Item 10: Other Financial or Industry Affiliations

None of FalconPoint or any of its management persons are registered as broker-dealers or registered representatives of broker-dealers, and no applications are pending to register FalconPoint or any of its management persons with the SEC as a broker-dealer or registered representative of a broker-dealer. FalconPoint nor any of its management persons is not registered as, and currently does not have a pending application to register as, a futures commission merchant, commodity pool operator or a commodity trading adviser.

FalconPoint does not have other relationships or arrangements that are material to the Firm's advisory business or to its clients that the Firm or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant, commodity pool operator, or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships.

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

Pursuant to Rule 204A-1 of the Investment Advisers Act, FalconPoint has adopted a Compliance Manual and Code of Ethics (collectively the "**Compliance Manual**") that establishes various procedures with respect to investment transactions in accounts in which employees of the Firm or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Compliance Manual is based on the underlying principles that:

- Employees of FalconPoint must at all times place the interests of clients first;
- Employees of FalconPoint must make sure that all personal securities transactions are conducted consistent with the Compliance Manual, including the Personal Account Dealing Policy contained therein; and
- Employees of FalconPoint should not take inappropriate advantage of their positions. The receipt of investment opportunities, perquisites, or gifts from persons seeking business with FalconPoint could call into question the exercise of an Employee's independent judgment.

The Personal Account Dealing Policy will extend to the trading of employees and certain other persons who have a relationship with the Firm or its personnel ("**Covered Persons**"). Covered Persons must obtain written authorization from the Chief Compliance Officer ("**CCO**") or his/her delegate prior to purchasing, selling or transferring certain types of securities. Employees may not engage in any outside business activities or invest in private companies before obtaining authorization from the CCO.

FalconPoint owes its Clients a duty of loyalty and care including a requirement to address, or at minimum disclose, conflicts of interest that may exist between different clients; between the Firm and Clients; or between its Covered Persons and its Clients. Therefore, the Compliance Manual is designed to detect and prevent potential problems when FalconPoint Covered Persons own, buy or sell securities that also may be owned by, or bought or sold for the Clients. The Compliance Manual's personal trading procedures also contain policies and procedures designed to address insider trading and the use of material, non-public information by Firm Covered Persons and to require periodic reporting of their securities transactions. The Firm maintains a list of restricted securities in which trading is prohibited. The Compliance Manual also requires all Covered Persons to maintain accounts at certain designated brokerage firms and requires disclosure of security transactions on an ongoing basis to the Firm's CCO and quarterly transaction reports to be sent to the Firm. Security holdings and transactions are then reviewed by compliance personnel for potential conflicts and for improper use of material, non-public information.

FalconPoint's compliance policies and procedures also prohibit its Covered Persons, who acquire products and services that are used in our investment activities, from being unduly influenced by the receipt of gifts, meals, or entertainment from the sellers of such products or services. Similarly, FalconPoint Covered Persons are instructed not to attempt to unduly influence clients or potential Clients with these or other inducements, such as charitable contributions or personnel gifts. In order to address these potential conflicts of interest, FalconPoint has adopted a policy and procedure for giving and receiving gifts and entertainment under our Compliance Manual.

A copy of the Compliance Manual and Code of Ethics will be provided upon request.

Item 12: Brokerage Practices

FalconPoint's advisory business generally involves privately negotiated transactions with the prospective sellers and prospective buyers. Accordingly, FalconPoint generally will not use, select or otherwise recommend broker-dealers or other counterparties in connection with the investment activities of its Clients. When publicly traded securities are the subject of a trade and there is a broker selection opportunity, the Firm will endeavor to select a broker or other counterparty on the basis of best execution and in consideration of various factors deemed relevant or appropriate, including, without limitation: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the broker's risk in positioning a block of securities; and (v) the competitiveness of commission rates in comparison with other brokers satisfying the four other selection criteria. FalconPoint may cause an Advisory Client to pay higher commissions to brokers believed to offer superior service under the circumstances, including brokers that provide investment research and analysis to their clients. Accordingly, when FalconPoint determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the overall services provided to its Advisory Clients, including internally developed research and other services provided by such broker, FalconPoint may cause the Advisory Clients to pay commissions to such broker in an amount greater than the amount another broker might charge.

FalconPoint currently does not use soft dollars generated by client accounts to pay for research and/or related services provided by brokers. FalconPoint will not participate in selecting or recommending broker-dealers in exchange for client referrals. FalconPoint will not engage in directed brokerage by its client.

The Firm's investment strategy does not typically involve executing trades for publicly issued securities on exchanges on a regular basis. However, the Firm on behalf of its Funds is permitted to purchase and hold publicly listed securities as part of its investment strategy. Given that each Fund invests in a single target company, and no two Funds will invest in the same target company, there is no opportunity nor ability to aggregate orders of securities for multiple Funds.

Item 13: Review of Accounts

The investments that will be made by the Fund are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. FalconPoint will closely monitor portfolio investments on an ongoing basis.

The Fund will prepare their annual financial statements in accordance with GAAP. Copies of the audited financial statements will be issued to all investors within 120 days of the fiscal year-end, ending on December 31st. The Administrator will issue quarterly account statements to investors.

Item 14: Client Referrals and Other Compensation

Currently, FalconPoint does not receive any economic benefit from anyone for providing investment advice and other advisory services to the Funds.

The Firm utilizes placement agents. As described in the Firm's written service agreements with the placement agents, the placement agents receive compensation at a rate based on commitments made by investors that the Placement Agents introduces to the Fund. Due to the agreements the Firm has with the placement agents, the placement agents have an incentive to recommend the Firm, resulting in a material conflict of interest.

FalconPoint and/or its affiliates may also pay fees to third parties for locating or sourcing potential investment opportunities and sharing information relating thereto with FalconPoint.

Item 15: Custody

While it is FalconPoint's practice not to accept or maintain physical possession of any client assets, the Firm may be deemed to have custody of certain Fund assets under current applicable regulatory interpretations for purposes of Rule 206(4)-2 of the Advisers Act.

In order to comply with Rule 206(4)-2, FalconPoint utilizes the services of qualified custodians (as defined under Rule 206(4)-2) to hold all cash and securities of the Fund (except with respect to privately offered securities). In accordance with Rule 206(4)-2, FalconPoint also: (1) will engaged an independent public auditor to conduct annual audits of the Fund; and (2) distribute audited financial statements of the Fund that are prepared in accordance with United States generally accepted accounting principles to all investors within at least 120 days after the end of the fiscal year.

Additionally, each Fund investor will also receive written quarterly statements from the Administrator with respect to the activities of the Fund(s).

Item 16: Investment Discretion

FalconPoint will possess discretionary portfolio management authority over the Fund with respect to asset allocations and direct investments as per the advisory agreements and offering documents in place.

FalconPoint will have the authority to determine (i) the securities to be purchased and sold for the client account and (ii) the amount of and to be paid for the securities to be purchased or sold for the client account. All investment decisions will be subject to the review and approval of the relevant independent investment committee.

Item 17: Voting Client Securities

FalconPoint's investments will be in private companies, so proxy voting policies are not currently necessary. However, Proxy Voting Policies and Procedures (the "**Proxy Policy**") will be adopted to address proxy voting, as applicable, for each Fund's (and any Private Investment Fund's) portfolio investments. The Proxy Policy seeks to ensure that FalconPoint's vote proxies (or similar instruments) are in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. The Proxy Policy will set forth certain proxy voting guidelines followed by FalconPoint when voting proxies on behalf of the Funds. If you would like a copy of FalconPoint's complete Proxy Policy or information regarding how FalconPoint voted proxies for particular portfolio companies, please contact compliance@falconpointpartners.com and it will be provided to you at no charge.

Item 18: Financial Information

Not Applicable. FalconPoint does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

FalconPoint is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

Item 19: Requirements for State-Registered Advisers

Not applicable.