

## **Form ADV Part 2A – Disclosure Brochure**

March 28, 2024

**This brochure provides information about the qualifications and business practices of Credit Suisse Securities (USA) LLC. If you have any questions about the contents of this brochure, please contact your registered adviser representative or Investor Relations at 877-435-5264.**

**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.**

**Additional information about Credit Suisse Securities (USA) LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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

## II. Material Changes

This brochure is intended to provide you with an overview of the advisory business of Credit Suisse Securities (USA) LLC ("CSSU" or the "Registrant"). It also contains important disclosures regarding items such as certain practices of the Registrant, potential material conflicts that may arise and key potential investment risks.

Since the last annual update of the brochure dated December 20, 2023, there have been strategic changes within Credit Suisse Asset Management, LLC (CSAM). As a result of these changes, it was been decided that the Credit Suisse Asset Management LLC Municipal Bond business will close. Accordingly, it is planned that all portfolios will be transitioned by clients to other providers, and that all operations of the business will be wound down by April 30, 2024.

It was announced in March 2023 that UBS Group AG ("UBS Group") planned to acquire Credit Suisse Group AG following the intervention of the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority (FINMA). The legal closing of the transaction took place on June 12, 2023, with Credit Suisse Group AG being merged into UBS Group. The combined entity operates as a consolidated banking group and the Registrant is now under the control of UBS Group. As a result of the closing of this transaction, Credit Suisse Group AG ceased to exist. Where relevant, therefore, references to Credit Suisse Group AG and/or its affiliates have been changed to UBS Group in the Registrant's brochure.

The Registrant also makes changes throughout its brochure in an effort to improve and clarify the description of its and its affiliates' business and compliance practices or in response to evolving industry and firm practices. There have been no material changes made to the Registrant's brochure since the update of the brochure dated July 11, 2023

Additional information about the Registrant, including a full copy of the current brochure, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Additional information about Credit Suisse Securities (USA) LLC as a SEC registered and FINRA regulated brokerage firm can be found in Item X below, and at <https://brokercheck.finra.org/>.

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## **IV. Advisory Business**

Credit Suisse Securities (USA) LLC is now an indirect wholly owned subsidiary of UBS Group, a publicly owned foreign bank holding company based in Switzerland. CSSU or its predecessor has been registered with the SEC since March 12, 1999, and manage on a discretionary basis approximately \$ million of client regulatory assets as of December 31, 2023.

As noted in Item II: Material Changes, in a March 2023 announcement, UBS Group planned to acquire Credit Suisse Group AG following the intervention of the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority (FINMA). On June 12, 2023, the legal closing of the acquisition took place, resulting in Credit Suisse Group AG being merged into UBS Group. The combined entity operates as a consolidated banking group and the Registrant is now under the control of UBS Group.

### **Advisory Services Offered by CSSU**

#### **Direct Equity Partners Investment Program**

CSSU serves as investment manager to the Direct Equity Partners Investment Program (the “DEP Program”), a co-investment program that previously offered ultra-high net worth investors, who met certain eligibility requirements, the opportunity to participate in private equity/buy-out deals (“Investment Deals”). CSSU is no longer accepting new participants to the DEP Program. In addition, CSSU will no longer explore new Investments Deals. CSSU will continue to manage separate investment entities (each an “Investing Entity”) established for previous Investment Deals. These Investing Entities typically included an onshore offering for U.S. persons through a private placement pursuant to Section 4(a)(2) of Securities Act of 1933 (“1933 Act”) and an offshore offering for non-U.S. persons pursuant to Regulation S under the 1933 Act. Each Investing Entity generally only holds securities or other instruments associated with a single Investment Deal. The Investing Entities are generally not available for new investment.

In select instances, one or more Investing Entities may be called upon to provide follow-on funding for their portfolio companies or increase their investment in such portfolio companies. Such follow-on investments would not be considered new Investment Deals and would be treated as ongoing maintenance of existing Investment Deals. In the instances where the DEP investment committee approves a follow-on investment, the DEP Program may call on any outstanding unfunded commitment from existing investors in the Investment Deal and/or raise additional capital, as provided below.

In connection with any opportunity for an Investing Entity to make a follow-on investment that cannot be funded from the Investing Entity’s then-available resources (including unfunded commitments), CSSU may, to the extent practicable and subject to legal, tax, regulatory and other considerations deemed relevant, offer the existing investors in the Investing Entity the opportunity to make an additional investment in or related to the portfolio company pro rata to their respective capital contributions and in accordance with the terms of the applicable Investing Entity’s governing documents (“Optional Follow-On Investments”). CSSU also may determine that it is not reasonably practicable to offer the Optional Follow-On Investment to the relevant participants and CSSU may, in its discretion, offer the opportunity to participate to any other DEP Program Participant or any other third parties (including affiliates).

Each existing investor that chooses to participate in an Optional Follow-On Investment outside of their existing unfunded commitment to the Investing Entity will enter a formal commitment letter made available for the investor by CSSU through the DEP Program. Even if a participant signs a commitment letter, such commitment does not guarantee a participant an allocation in any Optional Follow-On Investment.

In certain instances, UBS Group will provide bridge financing to one or more Investing Entities to facilitate the funding of a follow-on investment. In such instances, participants in the DEP Program will participate in the follow-on investment by purchasing interests in the applicable Investing Entity from UBS Group instead of directly from the Investing Entity (although non-U.S. persons may invest through an offshore vehicle that would purchase such interests). Regardless of whether UBS Group has provided bridge financing, DEP Program participants who acquire interests in an Investing Entity

following the date of the initial follow-on investment funding may be required to make an interest payment to UBS Group from such date to the date of investment by the DEP Program participant in the follow-on investment.

UBS Group will generally commit approximately (but not more than) 3% of the capital to be invested in each Optional Follow-On Investment. In addition, certain current and previous members of the DEP Program investment team, including those who are no longer employed by, or affiliated with, the Registrant, may also continue to participate in the Optional Follow-On Investments. These investments reflect a continued alignment of interest by UBS Group and DEP Program participants but may also reduce the amount of investment opportunity offered to such participants in any Optional Follow-On Investment. UBS Group will also continue to hold its existing investments in the DEP Program's existing Investment Deals.

## V. Fees and Compensation

Different fee schedules apply whether an investor participated in the DEP Program on a deal-by-deal basis, in such case at the discretion of the DEP Program participant, or pursuant to an agreement that granted CSSU discretion to make investments on the participant's behalf over the course of four consecutive deals (i.e., a four-deal mandate).

### **Management Fees (in all cases charged on invested capital)**

For a Four-Deal Mandate: In connection with each Investment Deal, the applicable Investing Entity is subject to the following fees payable to CSSU or an affiliate:

Management Fee generally equal to:

- 1.00% per annum of invested capital for a \$1 million mandate (\$250k per deal)
- .90% per annum of invested capital for a \$4 million mandate (\$1mm per deal)
- .80% per annum of invested capital for a \$10 million mandate (\$2.5mm per deal)
- .70% per annum of invested capital for a \$20 million mandate (\$5mm per deal)

Carried Interest: generally equal to 15.00%, subject to an 8% preferred return.

For a Deal-by-Deal Member: In connection with each Investment Deal, the applicable Investing Entity is subject to the following fees payable to CSSU or an affiliate:

Management Fee generally equal to:

- 1.25% per annum for commitment amount of less than \$2 million
- 1.0% per annum for commitment amount of \$2.0 - 4.9 million
- .80% per annum for commitment amount of \$5.0 – 9.9 million
- .60% per annum for commitment amount of \$10.0 – 14.9 million
- .50% per annum for commitment amount of \$15.0 million and above

Carried Interest: generally equal to 15.00%, subject to an 8% preferred return.

DEP Program participants who invest in an Investment Deal will be responsible for their allocable portion of the management fee and carried interest, if any, owed to CSSU and its affiliates for its investment management services provided to the applicable Investing Entity. The Investing Entity will call capital from its investors semi-annually, including such amounts necessary to pay management fees and carried interest, if any. Furthermore, to the extent an investor purchases interests in an Investing Entity from UBS Group (e.g., in connection with a bridge financing), instead of from the Investing Entity directly in connection with the funding of an Investment Deal, such investor will be subject to management fees for that Investment Deal as of the date of UBS Group's initial investment, subject to such investor's consent.

Separate from the fees described above, non-U.S. retail and U.S. institutional clients will pay a transaction fee to CSSU generally equal to 1.00% of the capital invested by a DEP Program participant in an Investment Deal (including Optional Follow-On Investments). The amount of such fee, which is discounted for larger commitments, will be paid at the time of any additional capital contributions with respect to existing unfunded commitments or additional follow-on investments. All initial investment advisory fees assessed to U.S. retail clients are captured in the management fee, such that the total fees will be the same, but the categorization will be different. For example, for the drawdown of new capital, the transaction fee will be zero and the management fee will be 2%, reverting to 1% thereafter for these clients.

CSSU will not deduct these fees from any account maintained by a DEP Program participant or separately bill such participants. DEP Program participants, to the extent they invest in an Investment Deal, will be charged those fees by the applicable Investing Entity, as provided for above, and such Investing Entity will pay CSSU out of investors' contributed capital. Investors should review the transaction documents, including governing documents for each Investing Entity, for each Investment Deal in which they invested for additional information. A participant's Credit Suisse Relationship Manager will typically receive a portion of the management and transaction fees paid to CSSU in connection with the participant's investment in an Investment Deal.

These fees may change over time, as permitted by applicable law and the terms of each Investment Deal. Fees for the DEP Program are negotiable depending on certain investor characteristics. Thus, some participants may pay more or less than other participants for the same or similar management services depending, for example, on the length of and overall relationship with UBS Group, overall fee arrangements and the amount of investments made through the DEP Program and with UBS Group generally, if any. Fees for certain Investment Deals are waived, reduced, or calculated differently with respect to certain investors, including CSSU's employees or affiliates, at the discretion of CSSU and as permitted under the documentation associated with the Investment Deal and applicable Investing Entity.

## **Other Expenses**

In addition to the fees payable to CSSU described above, investors in an Investment Deal will also pay their allocable share of the expenses related to that Investment Deal. For example, investors in certain Investment Deals will be required to pay their pro rata share of management fees, carried interest, transaction fees and other compensation to the sponsor of the Investment Deal, which may be CSSU or an affiliate. These fees generally will be paid by the Investing Entity, which, in turn, will call capital from the DEP Program participants who have invested in that Investment Deal in amounts sufficient to cover those fees.

Investors will also bear expenses associated with their investment in an Investing Entity. Expenses that are typically borne by Investing Entities, and thus indirectly by investors in those Investing Entities, include, without limitation: (i) expenses for administrators, valuation experts, accountants and other service providers; (ii) costs incurred in printing and distributing reports to investors; (iii) all out-of-pocket expenses incurred in structuring, acquiring, holding and disposing of investments; (iv) broken deal expenses; (v) prime brokerage fees, bank service fees and other expenses incurred in connection with investments; (vi) fees and expenses related to borrowings; (vii) costs of litigation, D&O liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Investing Entity; (viii) all out-of-pocket fees and expenses incurred in connection with compliance with U.S. federal, state, local, non-U.S. or other law or regulation; (ix) fees and expenses related to the organization, operation or maintenance of intermediate entities used to facilitate the Investing Entity's investment activities; (x) expenses of winding up or liquidating the Investing Entity; and (xi) any taxes, fees or other governmental charges, and expenses incurred in connection with any tax audit, investigation, settlement or review of the Investing Entity.

CSSU has a conflict of interest in determining whether certain costs and expenses incurred while operating the DEP Program should be paid by one or more Investing Entities (and, indirectly, the investors) or by CSSU. Questions of judgment are expected to arise in connection with determining whether a certain cost or expense should be charged to a particular Investing Entity or whether, for example, newly arising and/or unanticipated costs or expenses (for example, resulting from newly applicable regulations) fit within the relevant categories of costs and expenses described as a partnership expense. CSSU will not in all cases resolve such questions so that they — as opposed to the DEP Program

participants — are wholly (or even partially) responsible for such cost or expense. In making such determinations, CSSU will act in good faith, taking into consideration their experience with and understanding of general industry practice.

UBS Group has relationships (both involving and not involving the DEP Program), including without limitation, placement, brokerage, advisory and board relationships, with distributors, consultants and others who recommend, or engage in transactions with or for the DEP Program. In addition, UBS Group will recommend, or engage in certain transactions with or for the DEP Program. CSSU's Investment Banking division or other affiliates or advisors may be engaged by a portfolio company or by the sponsor of an Investment Deal and may receive compensation from the relevant portfolio company or sponsor for advising on exit strategies or for other services. Such conflicts are discussed further in Items VIII and X herein. Investors in the Investing Entities will also indirectly incur brokerage and transactions costs, in certain instances. CSSU's brokerage practices are described in further detail in Item XII herein as well as in the agreement that governs the terms of participation in the DEP Program (the "Program Agreement") and related documentation.

## **VI. Performance-Based Fees and Side-by-Side Management**

As discussed above, investors are subject to performance-based fees under the DEP Program in the form of a carried interest that is paid to an affiliate of CSSU on a deal-by-deal basis. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Any performance fees charged by the Registrant (even where such fees are paid to affiliates) will comply with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the applicable rules thereunder. CSSU only manages the DEP Program and does not manage any other advisory programs or discretionary accounts.

Depending on each Investment Deal structure, DEP Program participants might, indirectly through their investments through Investing Entities, be subject to performance-based fees charged by the sponsors of the Investment Deals. Fees charged by those sponsors are in addition to any fees charged to DEP Program participants by CSSU. DEP Program participants should review the transaction documents, including the governing documents of the Investing Entity, in connection with each Investment Deal (including Optional Follow-On Investments) in which they invest.

## **VII. Types of Clients**

Participants in the DEP Program are limited to ultra-high net worth investors. DEP Program participants:

- must qualify as both a "Qualified Purchaser" under the Investment Company Act of 1940, as amended (the "1940 Act") and an "Accredited Investor" under the 1933 Act and
- generally, have at least \$50 million in investable assets.

## **VIII. Methods of Analysis, Investment Strategies and Material Risks**

### **Methods of Analysis**

As discussed in Item II, CSSU's investment team is focused on supporting and managing the existing portfolio and is not exploring new Investment Deals. The existing DEP Program portfolio consists of private equity investments CSSU sourced primarily through its access to a proprietary deal flow from various UBS Group sources. CSSU's investment team will continue to monitor the existing Investment Deals, including any follow-on investment opportunities, on behalf of the DEP Program participants. The investment team will periodically seek the advice of economists and other internal and external investment professionals or consultants with respect to such matters as political conditions, proposed tax law changes, fiscal policy, general conditions of the economy, interest rates, actions of central banks and international affairs. The investment team will also use proprietary modeling techniques and quantitative and qualitative analysis. The DEP Program investment committee will review and either approve, reject, or approve with conditions material changes or modifications to the existing portfolio, such as follow-on investments, exit decisions and restructurings.

## Investment Strategies

The DEP Program's existing portfolio consists of private equity investments sourced primarily from access to UBS Group's proprietary deal flow. In general, a separate Investing Entity was created for each Investment Deal, and the decision to participate in such Investment Deal was made on a case-by-case basis based solely on the merits of that particular investment opportunity. As a result, there is no single unifying investment strategy or theme governing the Investment Deals that were approved for the DEP Program, and the investment thesis from one Investment Deal to another varies significantly.

## Material Risks

**The DEP Program:** Participants in the DEP Program are subject to risks that are inherent in the structure and operation of the DEP Program. These include:

- *Banking Holding Company Status.* As a foreign banking organization with U.S. banking operations, UBS Group is treated as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA") and the International Banking Act of 1978, as amended by the Foreign Bank Supervision Enhancement Act of 1991 and is thereby subject to supervision and regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). The BHCA and other applicable banking laws, rules, regulations and guidelines, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve, would restrict the transactions and relationships between CSSU and its affiliates on the one hand, and the Investing Entities, on the other hand, and may restrict the DEP Program's investments, transactions, and operations. For example, the BHCA regulations applicable to CSSU and the DEP Program would, among other things, restrict the ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all the investments, and restrict CSSU's ability to participate in the management and operation of the underlying portfolio companies. These restrictions may affect the DEP Program by, among other things, affecting CSSU's ability to pursue certain strategies within the DEP Program. Moreover, there can be no assurance that the bank regulatory requirements applicable to UBS Group and the DEP Program will not change, or that any such change will not have a material adverse effect on the DEP Program or any Investment Deal
- *Carried Interest; Management and Transaction Fees; No Netting of Performance.* The general partner ("GP") of an Investing Entity, which is an affiliate of CSSU, will be entitled to a carried interest, and CSSU and its affiliates will be entitled to management and transaction fees, as described herein. Sponsors of Investment Deals may be entitled to receive certain specified carried interests or other special allocations from their own investors based on the returns to such investors. The existence of carried interest or other performance fees may create an incentive for a GP and its affiliates (including CSSU), on the one hand, and the sponsors of Investment Deals, on the other, to make more speculative decisions in respect of investments than they would otherwise make in the absence of such performance-based compensation. Moreover, each GP's carried interest is calculated on an investment-by-investment basis, without netting across investments, and accordingly each DEP Program participant may be required, directly or indirectly, to bear a carried interest that is disproportionate to its overall net gains from the Investment Deal, considering the performance of all Investment Deals in which it has participated. Management fees will remain payable based on invested capital, regardless of declines (or increases) in the net asset value of the investment.
- *Co-Investment and Third-Party Sponsor Risks.* Co-investments typically will expose DEP Program participants to risks associated with the sponsor of the investment or other control groups with whom the DEP Program is co-investing, which could have a negative impact on the value of such investments. For example, it is possible that the lead investor has economic or business interests or goals (including financial constraints) which are



inconsistent with or in conflict with those of DEP Program participants or can take or block an action in a manner adverse to the participants' interests or investment objectives. Furthermore, the DEP Program may be deemed to be part of a control group with respect to a particular Investment Deal and may be exposed to potential liabilities of a controlling person with respect to the portfolio company, including liabilities for unfunded pensions, environmental damages, product defects, failure to supervise management and violations of other governmental regulations.

- *Confidentiality Constraints.* During its investment process, CSSU will be required to enter into confidentiality agreements with third-party firms or portfolio companies that prohibit CSSU and DEP Program participants from publicly disclosing sensitive information relating to the third-party sponsor, their investments and these portfolio companies. These agreements could restrict the information that CSSU is permitted to share with DEP Program participants or could possibly result in liabilities for a participant if it releases confidential information in contravention of such an agreement. CSSU may choose to decline to present investment opportunities to DEP Program participants where it is not permitted to share information with participants. As a result, CSSU's flexibility to offer investment opportunities through the DEP Program may be constrained, which may adversely impact the returns to DEP Program participants.
- *Cybersecurity Breaches, Identity Theft and Other Threats to Technology Systems.* UBS Group's, CSSU's and DEP's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in UBS Group's, CSSU's and DEP's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors. Such a failure could harm UBS Group's, CSSU's and DEP's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to CSSU or its clients, interfere with CSSU's ability to value portfolio investments, impair CSSU's trading ability and otherwise to transact business, and result in violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs or additional compliance costs. Similar adverse consequences could result from cybersecurity breaches affecting DEP's investments and other issuers of securities in which a Program participant invests; counterparties with which a DEP investment engages in transactions; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and other parties. Because technology is frequently changing, new ways to carry out cyberattacks are always developing. Therefore, there is a chance that some risks have not been identified or prepared for, or that an attack may not be detected, which puts limitations on CSSU's ability to plan for or respond to a cyberattack. Like other financial service firms and other business enterprises, UBS Group, CSSU and DEP and the issuers in which DEP participants invest are subject to the risk of cyber incidents occurring from time to time. In addition, substantial costs may be incurred by these entities to prevent any cybersecurity breaches in the future. In February and March 2022, the SEC proposed significant rule amendments intended to enhance and standardize disclosures regarding cybersecurity risk management, strategy, governance, and incident reporting by certain companies, including registered investment advisers, such as CSSU. The timing and scope of final rules, if any, are unknown at the time, but the costs to CSSU may be material.

- *Disposition of Investments.* In connection with the disposition of an investment in a portfolio company, an Investing Entity may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business or may be responsible for the contents of disclosure documents under applicable securities laws. An Investing Entity may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate, or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors in the Investing Entity. Each limited partnership agreement and/or investment management agreement, as applicable, contains provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by the investors to the extent that they have received distributions from the Investing Entity, subject to certain limitations.
- *FATCA.* The Foreign Account Tax Compliance Act ("FATCA") requires all entities in a broadly defined class of foreign financial institutions ("FFIs") to comply with a complicated and expansive reporting regime or be subject to a 30% U.S. withholding tax on (i) certain U.S. payments and (ii) gross proceeds from the sale of certain U.S. stocks and securities. Non-U.S. entities which are not FFIs also must either certify they have no substantial U.S. beneficial ownership or report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% U.S. withholding tax on (i) certain U.S. payments and (ii) gross proceeds from the sale of certain U.S. stocks and securities. FATCA also contains complex provisions requiring participating FFIs to withhold on certain "foreign pass thru payments" made to non-participating FFIs and to holders that fail to provide the required information. The definition of a "foreign pass thru payment" is still reserved under current regulations. However, the term generally refers to payments that are from non-U.S. sources but that are "attributable to" certain U.S. payments and gross proceeds described above. In general, these requirements apply to non-U.S. Funds, such as any non-U.S. UBS Group sponsored Fund advised by CSSU. Among other things, FATCA compliance requires FFIs to obtain and review appropriate due diligence information with respect to certain existing and prospective investors. In addition, the reporting obligations imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS or, if subject to an Intergovernmental Agreement ("IGA"), register with the IRS. IGAs are generally intended to result in the automatic exchange of tax information through reporting by an FFI to the government or tax authorities of the country in which such FFI is domiciled, followed by the automatic exchange of the reported information with the IRS. In the event FFIs are unable to comply with the preceding requirements, certain payments made to the FFIs may be subject to a 30% U.S. withholding tax, which would reduce the cash available to investors. These U.S. and foreign reporting requirements may apply to underlying entities and investors who are FFIs, and the general partner (or similar managing fiduciary) has no control over whether such entities or investors comply with the reporting regime. DEP Program investors should consult their own tax advisors regarding all aspects of FATCA as it affects their circumstances.
- *Follow-on Investments.* An Investing Entity may be called upon to provide follow-up funding for its portfolio companies or can increase its investment in such portfolio companies. There can be no assurance that it will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by the Investing Entity not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish its ability to influence the portfolio company's future development.
- *Investment Return.* There can be no assurance that CSSU will be able to or generate returns to investors commensurate with the risks of investing in the types of transactions offered through the DEP Program. Any

investment under the DEP Program will carry a significant risk of loss, including the potential loss of the entire amount invested. In addition, prospective investors should note that an investment under the DEP Program may be subject to expenses and fees charged by the sponsor at the investment level, in addition to fees and expenses payable to CSSU and its affiliates, which would reduce the return to investors.

- *Key Personnel Risk.* The success of the DEP Program depends in substantial part on the skill and expertise of the personnel of the investment team. There can be no assurance that such personnel will continue to be employed by CSSU or be associated with the DEP Program. Furthermore, the DEP investment committee may call upon certain former DEP investment team members to provide their expertise during the management of the remaining portfolio. As these former DEP investment team members are longer employed by, or affiliated with, CSSU, any ad-hoc support would be at the discretion of the former team members. The loss of key personnel and/or inability to obtain ad-hoc support could have a material adverse effect on the DEP Program.
- *Legal, Tax and Regulatory Risks.* Legal, tax and regulatory developments may adversely affect an Investing Entity during the term of the investment. In addition, the securities markets are subject to comprehensive statutes, regulations and margin requirements, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the U.S., Europe and other countries that could affect the Investing Entities and their respective activities. Changes in the regulation of private funds and their activities may adversely affect the ability of an Investing Entity to pursue its investment strategy, its ability to obtain financing and the value of investments held by an Investing Entity. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations which restrict the ability of an Investing Entity to trade in securities or obtain financing could have a material adverse impact on an Investing Entity's portfolio. In addition, the SEC has proposed new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact the Registrant and its affiliates, certain Investing Entities and/or their investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Investing Entities.
- *Limited Information Relevant to Investment Decisions.* DEP Program participants will have the responsibility of making their own determinations regarding whether to participate in any Optional Follow-On Investment presented by CSSU. Although CSSU expects to be able to deliver to DEP Program participants deal-related information to help participants with their decision, there is no assurance that CSSU will have or will make available all information that a participant would consider relevant to make an informed determination. CSSU does not assume responsibility for the accuracy or adequacy of any information provided to DEP Program participants. Moreover, even though CSSU may execute a confidentiality agreement directly with the sponsor of an investment on behalf of DEP Program participants, it is not expected that participants will have direct access to the sponsor. Accordingly, DEP Program participants will likely be required to make investment decisions based on limited information.
- *Limited Timeframe for Investment Decisions; Irrevocable Nature of Investment Elections.* CSSU will, at any time following such date as information relating to an Optional Follow-On Investment has been made available to DEP Program participants, request definitive commitments from those participants, sometimes on as little as five business days' notice. Accordingly, DEP Program participants may not have as much time as desired in which to evaluate investment opportunities. In general, a participant's hard commitment to an investment opportunity will

be irrevocable, regardless of subsequent events or information subsequently acquired, and regardless of whether such participant's final investment allocation, if any, is less than the amount of such hard commitment.

- *Long-Term Investments.* Even if the DEP Program's investments ultimately prove successful, it is unlikely that a DEP Program investment will return capital or a realized return (if any) to DEP Program participants for several years. Therefore, participants should consider an investment in the DEP Program as an illiquid long-term investment. Further, dispositions may result in in-kind distributions to DEP Program participants, and DEP Program participants will likely incur additional costs and expenses in their disposition of any in-kind distribution received in respect of an investment. DEP investments will typically be in securities for which there is no readily available public market. In addition, the DEP Program participants will likely be contractually prohibited from selling portfolio company securities received in connection with an in-kind distribution for a period of time.
- *Management risk.* - The risk that the investment strategies, techniques and risk analyses employed by CSAM may not produce the desired results. CSAM's judgments about the fundamental value of securities or other factors that determine the attractiveness of investments acquired for a portfolio may prove to be incorrect. In addition, CSAM's judgments about asset allocations, exposure to foreign currencies, credits, rates and other macro-economic factors may prove to be incorrect. In some cases, investments may be unavailable or the firm may choose not to use them under market conditions when their use, in hindsight, may be determined to have been beneficial.
- *Market risk* - The risk that the market value of the investments may fluctuate, sometimes rapidly or unpredictably, as the stock and fixed-income markets fluctuate. Market risk may affect a single issuer, industry or sector of the economy, or it may affect the market as a whole. In addition, turbulence in financial markets and reduced liquidity in equity and/or fixed-income markets may negatively affect investments. Global economies and financial markets are becoming increasingly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. Events such as war, acts of terrorism, natural disasters, recessions, rapid inflation, the imposition of international sanctions, pandemics or other public health threats could also significantly impact in a strategy or fund and its investments. These risks may be magnified if certain events of developments adversely interrupt the global supply chain, and could affect companies world. *Non-Public Information.* From time to time, CSSU or its affiliates will come into possession of material non-public Information with respect to an issuer of securities or other instruments (e.g., bank debt or investments involving a restructuring) in which DEP has invested, or in which DEP intends to or is researching as a potential follow-on investment. Possessing such information may limit the ability of DEP to buy or sell such securities or other instruments on behalf of its Program participants. Accordingly, DEP may be prohibited from buying or selling such securities or other instruments on behalf of its Program participants at times when DEP might otherwise wish to buy or sell such investments.
- *Participate in Optional Follow-On Investments.* Under the terms of its allocation policy (the "Allocation Policy"), CSSU is not required to allocate any portion of an Optional Follow-On Investment to a particular DEP Program participant, even if that participant has made a definitive commitment to participate in the Optional Follow-On Investment. DEP Program participants should closely review the Allocation Policy. Moreover, CSSU is authorized to terminate the participation of a DEP Program participant in the DEP Program under certain circumstances, including in the event that such participant (i) defaults on its obligations to make any required payments when due, (ii) ceases to own at least \$50 million of "investments" or (iii) fails to maintain its status as a "qualified purchaser" within the meaning of Section 2(a)(51) of the 1940 Act.
- *Regulatory Approval or Recommendation.* Although CSSU is registered with the SEC as an "investment adviser," such registration does not imply any level of skill or training. Further, neither the SEC nor any other governmental, regulatory, or self-regulatory authority or organization has in any manner passed upon or made any finding or determination as to the value or fairness of an investment in the DEP Program, made any recommendation as to such an investment or approved or disapproved of this offering or of the qualifications of CSSU or any of its

affiliates. Furthermore, no Investing Entity will be required to register as an “investment company” under, or to comply with the substantive provisions of, the 1940 Act. If an Investing Entity were registered as an “investment company” under the 1940 Act, compliance with certain of the provisions of the Act could reduce certain risks of loss to which a DEP Program participant is exposed, although such compliance could significantly increase the operating expenses of the DEP Program as well as limit the DEP Program’s investment activities.

- *Reliance on Portfolio Company Management.* While CSSU will actively monitor each Investment Deal, it is primarily the responsibility of the portfolio company’s management to operate the portfolio company on a day-to-day basis, and CSSU will generally be unable to exert significant influence on the portfolio company. While CSSU sought investments in companies that have proven management teams, there can be no assurance that a management team will produce the expected results or will remain with the portfolio company.
- *Valuation of Investments.* Generally, at inception of a deal there will be no readily available market for the DEP Program’s investments, and the investments will be difficult to value. There can be no assurance that the values assigned to investments by CSSU will equal or approximate the price at which the investments may be sold or otherwise liquidated or disposed of from time to time. Valuations of Investment Deals, which can affect the amount of the management and performance fees payable to CSSU and its affiliates are expected to involve uncertainties and discretionary determinations. Third party pricing information will not be generally available and there is no expectation that an independent third party will verify the valuation models.
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**Risks Related to Investment Deals:** Investors in an Investment Deal are subject to additional risks associated with the particular investment and asset class. DEP Program participants should review the transaction documents, including the investment memoranda, associated with each Investment Deal. A non-exhaustive summary of certain risks is provided below:

- *Middle Market Companies.* Investments in middle-market companies, while often presenting greater opportunities for growth, also entail larger risks than are customarily associated with investments in large companies. Middle-market companies may have more limited product lines, markets, and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required.
- *Non-U.S. Investments.* The existing DEP Program portfolio includes investments in portfolio companies and investment vehicles located wholly or partially outside the United States. Such non-U.S. investments involve certain risk factors not typically associated with U.S. investments, including risks related to (i) currency exchange matters, including exchange rate fluctuations between the U.S. dollar and the foreign currencies in which such investments are denominated (which may or may not be partially hedged, but are unlikely to be fully hedged), and costs associated with conversion of investment proceeds and income from one currency to another; (ii) differences between the U.S. and foreign capital markets, including the absence of uniform accounting, auditing, financial reporting and legal standards, practices and disclosure requirements (which may affect the evaluation of potential foreign portfolio companies and the accuracy of how financial statements reflect foreign portfolio companies’ financial positions) and varying degrees of government supervision and regulation; (iii) certain economic, social and political risks, including exchange control regulations and restrictions on foreign investments and repatriation of capital, the risks of political, economic or social instability, war, sanctions, expropriation and unfavorable diplomatic developments; and (iv) the possible imposition of foreign taxes with respect to such investments or confiscatory taxation. Non-U.S. economies may unfavorably differ from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance-of-payments positions.

- *Events in Europe and Russia.* Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia, certain Russian individuals, banking entities and corporations, and Belarus as a response to Russia's invasion of Ukraine and may impose sanctions on other countries that provide military or economic support to Russia. The extent and duration of Russia's military actions and the repercussions of such actions (including any retaliatory actions or countermeasures that may be taken by those subject to sanctions, including cyberattacks) are impossible to predict, but could result in significant market disruptions, including in certain industries or sectors, such as the oil and natural gas markets, and may negatively affect global supply chains, inflation, and global growth. These and any related events could significantly impact the value of an investments through the DEP Program, even if an Investing Entity does not have direct exposure to Russian issuers or issuers in other countries affected by the invasion.
- *Developing Markets.* Investments in companies that operate in developing and emerging markets carry additional risks not typically associated with investing in more developed economies. These risks include changes in exchange control regulations, political and social instability, pervasiveness of corruption and crime, expropriation, imposition of local taxes (potentially at confiscatory levels), less liquid markets, less available information than is generally the case in developed markets, higher transaction costs, less government supervision of financial markets, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. In certain countries, relationships with the relevant authorities may be crucial to the value of the Investment and furthermore, other countries have laws which could result in companies that have relationships with governments or other clients considered to be state sponsors of terrorism by the government of the United States and other governments having to terminate such relationships.
- *Borrowing and Hedging.* In certain circumstances, an Investing Entity will incur debt, including for purposes of short-term financing pending receipt of capital contributions, to fund follow-on investments, to pay withholding taxes required to be paid or to cover shortfalls arising from a default by an investor. Such indebtedness will increase the exposure of the Investing Entity to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of its portfolio companies or the industries in which they operate.

CSSU does not expect to be able to eliminate the DEP Program's exposure to exchange rate fluctuations or other risks by hedging. Additionally, in the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be obtained, and DEP Program participants may be exposed to increased risk, including a risk of substantial loss.

- *Epidemics, Pandemics, Outbreaks of Disease, and Public Health Issues.* Generally, outbreaks of disease, epidemics and public health issues in Asia, Europe, North America, the Middle East and/or globally, such as COVID-19 (and other novel coronaviruses), or other epidemics, pandemics, outbreaks of disease or public health issues are likely to affect the Registrant's financial performance and could affect the activities of an investment through the DEP Program and its operations and client investments. COVID-19 has negatively affected (and may continue to negatively affect or materially impact) the global economy, global equity and fixed income markets and supply chains (including because of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks). Developing and emerging market countries may be more impacted by the COVID-19 pandemic. The impact of the COVID-19 pandemic may last for an extended period. Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease had material adverse effects on the economies, fixed income and equity markets and operations of those countries and jurisdictions in which they were most prevalent. The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks, have taken extraordinary actions to support local and global economies and the financial markets. Government actions to mitigate the economic impact of the COVID-19 pandemic have resulted in a large expansion of government deficits and debt, the long-

term consequences of which are not known. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus, or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which would be reasonably likely to adversely affect the business, financial condition, and operations of the Registrant, investments held by Investing Entities and other client accounts. Should these or other major public health issues, including pandemics, arise or spread farther, the Registrant could be adversely affected by more stringent travel restrictions (such as mandatory quarantines), additional limitations on the Registrant's or the DEP Program's operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

- *No Investment Diversification.* Because the DEP Program is not a pooled investment vehicle, substantially all the assets of most Investing Entities are direct or indirect interests in a single portfolio company, and as a result the Investing Entities are not broadly diversified. Poor performance by a single portfolio company will have an adverse effect on returns to the relevant Investing Entity and on its underlying investors and could result in the total loss of capital invested. Each Investment Deal is generally focused on a single industry or sector, which will cause the Investing Entity's performance to be particularly susceptible to the economic, business, or other developments that affect that industry or sector. The performance of portfolio investments of other investments or programs managed by CSSU or its affiliates is not necessarily indicative of the results that will be achieved by an Investing Entity in the DEP Program.
- *Restrictions on Transfer and Withdrawal.* Interests in the Investing Entities are not registered under the 1933 Act or any other applicable securities law and cannot be resold unless an exemption from such registration is available. DEP Program participants may not sell, transfer, or pledge their interests in any Investing Entity except with the consent of CSSU or its affiliates, which may be withheld in its sole discretion. Such interests will not be redeemable, and voluntary withdrawals of DEP Program participants will not be permitted, except when necessary to comply with laws, statutes, and regulations. There is no public market for such interests, and none is expected to develop. Consequently, a DEP Program participant may be unable to liquidate such an interest before the end of the term of the relevant Investing Entity.
- *United Kingdom ("UK") Exit from the European Union (the "EU").* The UK formally left the EU on January 31, 2020 ("Brexit") and entered a transition period that ended on December 31, 2020. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on one or more Investing Entities and the portfolio companies in which they invest. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on one or more Investing Entities and their portfolio companies.

Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

- *LIBOR and Other Benchmark Rates.* To the extent that one or more Investing Entities' portfolio companies, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate ("LIBOR") or other benchmark or reference rates (each, a "Benchmark Rate"), such Investing Entity or its portfolio company may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.
- *Market Conditions and Volatility.* Market and economic conditions during the past several years have caused significant disruption in the markets. The prices of investments, including, without limitation, common equity and related equity derivative instruments, high-yield securities, loans, convertible securities, and derivatives, including futures and option prices, can be highly volatile. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in government bonds, currencies, financial instruments, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause all such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. There continue to be signs of inflationary price movements. As such, fixed income securities and loan markets may experience heightened levels of interest rate volatility and liquidity risk.
- *Financial Institution Risk; Distress Events.* An investment in an Investing Entity is subject to the risk that one of the Investing Entity's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Investing Entity's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Registrant, the Investing Entities and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. 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 ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk 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 the Registrant to manage the Investing Entities and their investments, and on the ability of the Registrant, any Investing Entity and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include an inability to pay fees and expenses in the event the Investing Entity is not able 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 investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the



relevant GP believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although the Registrant expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

## **IX. Disciplinary Information**

The Registrant is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work. The following disclosure of certain disciplinary events involving the Registrant or certain affiliates of the Registrant is required by the Securities and Exchange Commission ("SEC"). None of these disciplinary events is related to the DEP Program.

- CSSU reached a settlement with the SEC related to the purchase or holding of Class A mutual fund shares (which incurred expenses for Rule 12b-1 fees) for advisory clients who were eligible to purchase or hold a less expensive share class of the same mutual fund. CSSU settled that matter by consenting — without admitting or denying the findings (except as to jurisdiction) — to the issuance of an SEC order, dated April 4, 2017, finding, among other things, that there were breaches of fiduciary duty, inadequate disclosures to clients and in SEC filings, and deficiencies in compliance policies and procedures by CSSU between January 1, 2009 and January 21, 2014. As part of the settlement, the SEC censured CSSU, directed CSSU to cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4), and 207 of the Advisers Act and Rule 206(4)-7 thereunder, and ordered CSSU to pay approximately \$2.1 million in disgorgement, \$380,000 in prejudgment interest, and a \$3.275 million civil penalty.
- Without admitting or denying the findings, on December 5, 2016, CSSU consented to a censure and issuance of findings by the Financial Industry Regulatory Authority relating to allegations that CSSU (i) had significant deficiencies in its anti-money laundering program principally related to its ability to adequately surveil potentially suspicious trading and money movements, (ii) failed to establish, maintain and enforce a supervisory system reasonably designed to ensure compliance with Section 5 of the 1933 Act and applicable rules and regulations and (iii) failed to conduct adequate due diligence on correspondent accounts of certain of its foreign affiliates as required under the U.S. Bank Secrecy Act and applicable rules and regulations. In connection with such censure, CSSU agreed to pay a monetary penalty of \$16,500,000.
- On January 31, 2016, CSSU reached two settlements with the SEC relating to an allegation by the SEC that CSSU violated federal securities laws while operating alternative trading systems known as dark pools and CSSU's Light Pool. Without admitting or denying the findings, CSSU agreed to pay disgorgement of approximately \$20,680,000, prejudgment interest of approximately \$3,640,000 and a civil money penalty of \$30,000,000.
- Prior to and through in or about 2009, the Registrant's former parent company, Credit Suisse AG ("CSAG"), including through its subsidiary Clariden Leu, operated a cross-border banking business that aided U.S. clients in opening and maintaining undeclared accounts and concealing foreign assets and income from the U.S. Internal Revenue Service. On May 19, 2014, the U.S. Department of Justice (the "Department of Justice") filed a one-count criminal information (the "Information") in the District Court for the Eastern District of Virginia charging CSAG, the parent company of CSSU, with conspiracy to commit tax fraud related to accounts CSAG established for cross-border clients from 2002 to 2008. The Department of Justice and CSAG entered into a plea agreement (the "Plea Agreement") settling the action pursuant to which CSAG pleaded guilty to the charge set out in the Information. The Plea Agreement required CSAG to pay over \$1.8 billion to the U.S. government, including the U.S. Internal Revenue Service. The Plea Agreement also required CSAG to lawfully undertake certain remedial actions to address the conduct described in the Plea Agreement and attachments to the Plea Agreement (the "Conduct"). CSAG entered other settlements relating to the Conduct. CSAG and the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") agreed to the issuance of a consent Cease and Desist Order and Civil Money Penalty Assessment against CSAG to resolve certain findings by the Federal Reserve

Board relating to the Conduct. In addition, CSAG and the New York State Department of Financial Services (the “DFS”) entered a Consent Order to resolve certain findings by the DFS relating to the Conduct. The settlement with the Federal Reserve Board required CSAG to pay \$100 million to the Federal Reserve, and the settlement with the DFS required CSAG to pay \$715 million to the DFS. These settlements followed a settlement by Credit Suisse Group AG (“CS Group”), the parent company of CSAG, with the SEC on February 21, 2014 to resolve an investigation by the SEC into solicitation and provision of broker-dealer and investment advisory services to certain U.S. cross-border clients by CS Group while not registered with the SEC as a broker-dealer or investment adviser. As part of the settlement, CS Group paid \$196,511,014, which included \$82,170,990 in disgorgement, \$64,340,024 in interest and a \$50,000,000 penalty. Neither CSSU nor any other affiliate of CSAG registered with the SEC as an investment adviser under the Advisers Act or broker-dealer under the Securities Exchange Act of 1934, as amended (the “1934 Act”) was named in any of these settlements or involved in the conduct underlying these settlements.

- On December 17, 2013, the Acting Attorney General of New Jersey on behalf of the Acting Chief of the New Jersey Bureau of Securities filed a complaint in the Superior Court of New Jersey, Mercer County Chancery Division, against Credit Suisse Securities (USA) LLC (“CSSU”) and certain of its affiliates in connection with US residential mortgage-backed securities (RMBS) trust certificates prior to the 2008 financial crisis. A consent order and final judgment (the “Consent Judgment”) was entered on October 24, 2022 that, in relevant part, ordered permanent relief under the New Jersey Uniform Securities Law (“New Jersey Securities Law”) that CSSU and its affiliates not violate the New Jersey Securities Law. The Consent Judgment did not involve the Funds or the services that Credit Suisse Asset Management, LLC (“CSAM”), Credit Suisse Asset Management Ltd. (“Credit Suisse UK” and together with CSAM, the “Credit Suisse Investment Advisers”), CSSU and their affiliates provided to the Funds. On November 14, 2022, the Credit Suisse Investment Advisers and CSSU voluntarily notified the staff of the US Securities and Exchange Commission (the “SEC”) regarding the entry of the Consent Judgment. Following the entry of the Consent Judgment, the Credit Suisse Investment Advisers and CSSU continued to provide investment advisory and distribution services (the “Services”), as applicable, to the Funds based on their position at the time that the Consent Judgment did not trigger the disqualification provisions of Section 9(a). Section 9(a) of the 1940 Act prohibits an entity from serving as an investment adviser or principal underwriter for registered funds if the person or one of its affiliates is “permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction . . . from engaging in or continuing any conduct or practice in connection with . . . the purchase or sale of any security.” The Credit Suisse Investment Advisers, CSSU and certain of their affiliates nevertheless applied for an exemption from the disqualification provisions of Section 9(a) of the 1940 Act due to its broad scope. On June 7, 2023, the Credit Suisse Investment Advisers, CSSU and certain of their affiliates applied for and the SEC issued a temporary order, and on July 5, 2023, the SEC granted a permanent order, which provides: (i) a time-limited exemption from Section 9(a) to the Credit Suisse Investment Advisers, CSSU and certain of their affiliates, which enables the Credit Suisse Investment Advisers and CSSU to provide the Services to the Funds until June 12, 2024 (by which point the Services are anticipated to be transitioned to one or more UBS (as defined below) registered investment advisers and distributors), and (ii) a permanent exemption from Section 9(a) to UBS Group AG and its affiliates (“UBS”). On December [13], 2023, the SEC entered an administrative cease-and-desist order (the “Order”) against the Credit Suisse Investment Advisers and CSSU. The Credit Suisse Investment Advisers and CSSU consented to the Order without admitting or denying the findings therein. The SEC alleged in the Order that the Consent Judgment caused the Credit Suisse Investment Advisers and CSSU to be deemed ineligible to provide the Services to registered investment companies, including the Funds, under Section 9(a) of the 1940 Act and that, during the period from October 24, 2022 to June 7, 2023, the Credit Suisse Investment Advisers acted as investment adviser and CSSU acted as principal underwriter to the Funds in violation of Section 9(a) of the 1940 Act. Under the terms of the Order, the Credit Suisse Investment Advisers and CSSU were censured and agreed to cease and desist from committing or causing any violations and any future violations of Section 9(a) of the 1940 Act. The Credit Suisse Investment Advisers and CSSU agreed to pay disgorgement, prejudgment interest and civil penalties totalling \$10,080,220.

Additionally, the Registrant has made available other disciplinary items in Part I, Item 11 of the ADV which can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

As the Registrant is now under the control of UBS Group, it has U.S and non-U.S. affiliates that engage in a variety of financial services activities. The Registrant may be required to disclose certain disciplinary events involving those affiliates. In additions, such actions may require the Registrant to seek exemptive or other relief from the SEC or other regulators to permit the Registrant to continue to conduct its investment advisory and broker-dealer businesses. There is no assurance that such relief will be granted or, if granted, what terms or conditions the Registrant may need to agree to with respect to its businesses because of the conduct of its affiliates.

## **X. Other Financial Industry Activities and Affiliations**

CSSU is also a registered broker-dealer and futures commission merchant.

### **Relationships with our Affiliates that are Significant to the DEP Program**

UBS Group is a worldwide, full-service investment banking, broker-dealer, asset management and financial services organization that is a major participant in global financial markets. UBS Group advises clients in all types of markets and transactions, and sells, holds, and recommends a broad array of investments for its own accounts and for Other UBS Group Accounts. These other business activities compete with the DEP Program for the time and attention of CSSU's investment professionals, and they give rise to conflicts of interest in CSSU's activities and dealings on behalf of the DEP Program. UBS Group and the Other UBS Group Accounts can be expected to have direct and indirect interests in the global fixed income, currency, commodity, equities, bank loan and other markets, including investment positions opposite to those of the DEP Program, any of which may negatively affect the DEP Program. There can be no assurance that such actual or potential conflicts of interest will be resolved in favor of the DEP Program or any of its participants.

To the extent permitted by applicable law and the terms of the Program Agreement and other governing documents, CSSU and its affiliates (or non-affiliates) may act as broker, dealer, investment banker, agent, lender, pension consultant or advisor or in other commercial capacities for the DEP Program, one or more portfolio companies of the DEP Program or related sponsors. The entity performing such services will be entitled to compensation in connection with the provision of such services, and the DEP Program will not be entitled to any compensation or reduction of fees in respect of such services. CSSU and its affiliates will have an interest in obtaining fees and other compensation in connection with such services and may take commercial steps in their own interests in connection with such services that could negatively affect the DEP Program. For example, an affiliate of CSSU may require repayment of all or part of a loan at any time and from time to time or declare a default under an agreement with an Investing Entity or a portfolio company and may liquidate related assets more rapidly (and at significantly lower prices) than might otherwise be desirable.

Both UBS Group and Credit Suisse have established certain information barriers and other policies to address the sharing of information between different businesses of UBS Group and/or Credit Suisse. As a result of information barriers, CSSU will not generally have access, or will have limited access, to information and personnel of other entities or businesses affiliated with UBS Group and/or Credit Suisse and will not generally be able to advise the DEP Program participants with the benefit of information held by such other businesses. Such other businesses will have broad access to detailed information that is not available to CSSU. Affiliates of CSSU will be under no obligation or fiduciary or other duty to make any such information available to CSSU.

Different teams of investment professionals within CSSU or its affiliates may make decisions based on information or take (or refrain from taking) actions with respect to accounts they advise in a manner that is adverse to the DEP Program. Such teams will generally not share information with the team responsible for the DEP Program, including because of certain information barriers and other policies, and will not have any obligation to do so.

The DEP Program may make certain investments in which one or more Other UBS Group Accounts also invest, either directly or through a private equity fund. Any such investment may be made either prior to the investment by the DEP Program, concurrently as part of the same financing plan or after the investment by the DEP Program. Any such investment may consist of securities of a different class from those in which the DEP Program is invested, and which may entitle the

holder of such securities to greater control or to rights that otherwise differ from those to which the DEP Program is entitled. In connection with any such investments, the DEP Program, on the one hand, and CSSU and the Other UBS Group Accounts, on the other hand, may have conflicting interests and investment objectives, and any difference in the terms of the securities held by such parties may raise additional conflicts of interest. In certain instances, the DEP Program, CSSU and/or Other UBS Group Accounts may invest as a minority investor as part of a larger investing group or syndicate. In such cases, the financial sponsor, and not CSSU, will be in the position to negotiate on behalf of the holders of other equity classes and mezzanine debt, and holders of senior debt, respectively.

If a portfolio company in which the DEP Program and one or more Other UBS Group Accounts have invested becomes troubled, decisions relating to actions to be taken may raise conflicts of interest. For example, if such portfolio company goes into bankruptcy, becomes insolvent or is otherwise unable to meet its payment obligations or comply with its debt covenants, conflicts of interest could arise between holders of different types of securities as to what actions the portfolio company should take. CSSU will be authorized to resolve such conflicts on a case-by-case basis in its good faith discretion, considering the interests of the DEP Program and such Other UBS Group Accounts. However, because the investments made by the DEP Program will be made on a co-investment basis, CSSU may not be able to take actions to resolve any such conflict. There can be no assurance that any such conflict will be resolved in favor of the DEP Program or any individual participant.

When permitted by applicable law, and the terms of the Program Agreement and any other governing documents, and the applicable policies of CSSU, CSSU may present to the DEP Program investment opportunities to invest in portfolio companies affiliated with CSSU or in which UBS Group or Other UBS Group Accounts have an equity, debt or other interest, or to engage in investment transactions that result in such investors being relieved of obligations or otherwise divesting of investments, in a manner which benefits UBS Group or such Other UBS Group Accounts. In addition, CSSU, acting on the DEP Program's behalf, will in certain circumstances and on an exceptional basis otherwise cause certain DEP Program transactions to be engaged in with or through CSSU or its affiliates. When permitted by applicable law, the terms of the Program Agreement and other governing documents, and the applicable policies of CSSU, CSSU may cause the DEP Program to engage in transactions in which CSSU advises both sides of a transaction and acts as broker for, and receives a commission from, the DEP Program on one side of a transaction and a party on the other side of the transaction.

There are potential conflicts of interest and regulatory restrictions relating to these transactions that could limit CSSU's ability to engage in these transactions on the DEP Program's behalf. CSSU has a conflict of loyalties and responsibilities to parties in such transactions and has developed policies and procedures in relation to such transactions and conflicts. Any such principal, cross or agency cross transactions will be effected in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

CSSU may limit the activities and transactions engaged in by the DEP Program, and may limit its exercise of rights on the DEP Program's behalf, for reputational or other reasons, including where CSSU is providing (or may provide) advice or services to an entity involved in such activity or transaction, where CSSU or an account is or may be engaged in the same or a related transaction to that considered for presentation to the DEP Program, where CSSU or an account has an interest in an entity involved in such activity or transaction, or where such activity or transaction or the exercise of such rights on the DEP Program's behalf could affect CSSU, UBS Group or their activities.

## **XI. Code of Ethics & Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

As the DEP Program is the sole advisory business of CSSU, CSSU relies on its affiliate, Credit Suisse Asset Management, LLC, a SEC-registered investment adviser, for compliance, legal, fund accounting and non-financial risk management support. CSSU has implemented a Code of Ethics ("Code of Ethics"). The Code of Ethics sets forth the standards of ethical conduct to which CSSU and its Supervised Persons (as that term is defined in the Code of Ethics) must adhere.

Access Persons, as defined by Rule 204A-1 of the Advisers Act, must adhere to certain holdings certification and employee personal trading policies. At the inception of their employment with CSSU, and annually thereafter, Access Persons must certify that they have accurately disclosed all their personal trading accounts. CSSU must receive duplicate copies of all trade confirmations and periodic statements of all transactions in such personal trading accounts. To prevent conflicts of interest because of securities transactions that an Access Person may place or recommend for your account, CSSU has implemented “black-out” periods for personal securities transactions. From five business days prior through one business day after the Access Person places a trade or recommends that a trade be placed in your account, the Access Person is generally prohibited from executing a trade in the same security in his or her personal trading account. Additionally, with certain limited exceptions, all Covered Persons must obtain pre-clearance before executing any personal securities transactions and are subject to minimum holding periods and a restricted securities list. A copy of the Code of Ethics is available upon request.

### **Participation or Interest in Client Transactions**

CSSU, as part of a global organization, will, on occasion, introduce certain suitable clients to private investment opportunities offered by our affiliates as well as unaffiliated entities. In such cases, CSSU will generally receive compensation from the private investment partnerships for the introduction. CSSU or our affiliates acts as general partner of certain private investment partnerships in which you invested. Generally, these private investment partnerships operate private pooled investment funds that invest in public and private investment vehicles that may include leveraged buyout funds, exchange funds, venture funds, debt funds, fund of funds, and real estate funds as well as portfolios of marketable securities.

CSSU is engaged in many securities-related activities. It is possible that we will recommend to you the purchase or sale of investment products in which we or an affiliate has a financial interest. This financial interest will create an incentive for CSSU to recommend these products to you. CSSU receives underwriting commissions or discounts, retirement account and other account servicing fees and fees paid by investment companies, mutual funds, hedge funds, exchange traded funds, or other investment vehicles. Additionally, our employees may have long or short positions in investment products we recommend to you. Employees who refer clients or investment opportunities to other divisions of UBS Group for products or services generally are eligible to receive incentive compensation for the referral, which does not increase the fees or expenses that the investor pays for the product or service.

CSSU maintains a Restricted List to monitor and restrict sales, trading, and research activity with respect to the equity securities of any company placed on the list. The Restricted List is used when CSSU may have, or appear to have, inside information about the status of publicly announced but uncompleted transactions or to comply with SEC rules that limit the type of sales, trading, and research activity that CSSU may conduct during the preparation for, and execution of, public offerings. When a company’s securities are on the Restricted List, CSSU is generally prohibited from soliciting customer orders or effecting transactions for discretionary customer accounts.

CSSU renders investment management and broker-dealer services to many types of clients, and it may for its own account hold, purchase, sell or otherwise trade in and deal with, securities which are the same as or like those recommended to you. Therefore, CSSU may have potentially conflicting loyalties and responsibilities regarding its various clients. CSSU maintains procedures that are designed not to disfavor any client account over other accounts in the execution and allocation of transactions. CSSU monitors the personal trading activity of its employees. Our Employee Trading Policy is designed to detect and prevent conflicts and violations arising in this area.

## **XII. Brokerage Practices**

### **Research and Other Soft Dollar Benefits**

Although permitted under the DEP Program documents, CSSU does not currently have soft dollar arrangements and does not receive research or other products or services from other broker-dealers or third parties in connection with Investment Deals, establishing Investing Entities or any other related securities transactions.

## **Principal and Cross Transactions**

When permitted by applicable law, the terms of the Program Agreement, the terms of the applicable Investing Entity agreement, and the applicable policies of CSSU, CSSU will present to the DEP Program investment opportunities to invest in portfolio companies affiliated with UBS Group or in which CSSU or Other UBS Group Accounts have an equity, debt or other interest, or to engage in investment transactions that result in such investors being relieved of obligations or otherwise divesting of investments, in a manner which benefits UBS Group or such Other UBS Group Accounts, or CSSU, acting on the Program's behalf, will in certain circumstances otherwise cause certain DEP Program transactions to be engaged in with or through CSSU or its affiliates (principal transactions). From time to time and on an exceptional basis, when permitted by applicable law, the terms of the Program Agreement, the terms of the applicable Investing Entity agreement, and the applicable policies of CSSU, CSSU will cause the DEP Program to engage in transactions in which CSSU advises both sides of a transaction (cross transactions) and acts as broker for, and receives a commission from, the DEP Program on one side of a transaction and a party on the other side of the transaction (agency cross transactions).

CSSU effects transactions as broker or agent for clients and will also act as principal in certain transactions with advisory clients and investors, including DEP Program participants, but only where CSSU has obtained the advisory client's prior written consent to each such principal transaction.

There may be potential conflicts of interest or regulatory restrictions relating to these transactions that could limit CSSU's ability to engage in these transactions on the DEP Program's behalf. CSSU has a conflict of loyalties and responsibilities to the parties in such transactions and has developed policies and procedures in relation to such transactions and conflicts. Any principal, cross or agency cross transactions will be effected in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

## **XIII. Review of Accounts**

The Registrant has policies in place for reviewing Optional Follow-On Investments offered through the DEP Program for consistency with the Program's objective and investment criteria and that over time investments are allocated to Program participants in a manner consistent with CSSU's allocation policy provided to DEP Program participants. The Registrant will also review investor qualification at the time a potential DEP Program participant provides the respective commitment to participate in each Optional Follow-On Investment.

The Registrant's investment professionals review the portfolios of Investment Deals held by DEP Program participants periodically and on an on-going basis and provide reports in a manner, and at a frequency, as may have been negotiated with the participants or as set forth in the relevant Investing Entities' documentation. In addition, DEP Program participants generally are provided with periodic reports and relevant tax reporting information. Special reports may be developed to meet or respond to specific requirements or inquiries of a DEP Program participant.

CSSU, or its affiliates, has entered side letters with one or more DEP Program participants that have the effect of establishing rights under, or altering or supplementing the terms of, the Investing Entity's governing documents. As a result, certain DEP Program participants receive additional benefits, such as reductions in fees other DEP Program participants do not receive. Such participants have no recourse against the relevant Investing Entity, CSSU or any of its affiliates if certain DEP Program participants receive additional or different rights or terms because of such side letters.

## **XIV. Client Referrals and Other Compensation**

The DEP Program is not accepting new participants and the existing DEP Program investments are generally not available to new investors.

Employees of the Registrant or of any of its affiliates who refer clients or deals to other divisions of UBS Group for products or services are generally entitled to receive incentive compensation for the referral which does not increase the fees or

expenses paid by the client for the product or service. The relationship between the solicitor-employee and the Registrant is disclosed to the prospective DEP Program participant at the time of the solicitation, if applicable.

Additionally, under the Credit Suisse Single Global Currency (“SGC”) program, employees are encouraged to make cross-divisional referrals of clients and prospective clients. Policies are in place to address the principles that must be adhered to when making cross-divisional client and prospective client referrals and will determine eligibility for SGC. The use of referral and solicitation arrangements, including SGC, may create a potential conflict of interest. The Registrant has policies and procedures in place to address and mitigate the potential conflicts.

## **XV. Custody**

The Registrant generally does not maintain direct custody of client assets. However, under Rule 206(4)-2 of the Advisers Act, “custody” is broadly defined to also include holding indirectly client funds or securities or having any authority to obtain possession of them. In particular, the Registrant is considered to have custody of its clients’ assets in the scenario described below:

- With respect to the Investing Entities advised by the Registrant, the Registrant or an affiliate of the Registrant serves in a capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives it legal ownership of, or access to, the Investing Entities’ funds or securities.

To avoid any potential conflict of interest that indirect custody of client assets may cause, the Registrant takes the following actions required or permitted by Rule 206(4)-2:

- With respect to Investing Entities, the organization documents of such vehicles provide for the annual audit of the vehicles’ financial statements and the delivery of such audited financial statements to investors as required by the Rule. Additionally, Investing Entities’ assets are held with third party qualified custodians.

## **XVI. Investment Discretion**

As described in Item II, CSSU is focused on supporting and managing the existing portfolio of active DEP Program investments and is not currently exploring or identifying new Investment Deals to make available to DEP Program participants. CSSU will manage the existing portfolio of Investment Deals in accordance with the separate Program Agreement each participant entered into to participate in the DEP Program. CSSU may offer DEP Program participants the opportunity to participate in Optional Follow-On Investments, however, participation in such investments will be at the discretion of the participant. As described in Items IV and VIII, in all instances, CSSU does have discretion over the allocation of the Optional Follow-On Investments across DEP Program participants.

## **XVII. Voting Client Securities**

In relation to certain investments held by Investing Entities in one or more Investment Deals, the Registrant will have the authority to vote proxies subject to the governing transaction documents for those Investment Deals. To that extent, the Registrant has adopted procedures reasonably designed to ensure that it votes proxies in the best interest of the Investing Entity and its investors.

Upon the request of any DEP Program participant, the Registrant will provide such participant with (i) the actual procedures and (ii) information about votes cast on behalf of any Investing Entity in which such participant has made an investment. As stated above, these procedures: (i) address the Registrant’s overall policy to vote proxies in the best interest of the Investing Entity and its investors, and in a manner that maximizes the value of investments made by an Investing Entity; (ii) identify the persons responsible for monitoring corporate actions, determining whether and how to vote proxies and submitting proxies; and (iii) describe the Registrant’s approach to addressing material conflicts of interest

that may arise in connection with the consideration of a proxy. In general, proxies will be voted in consultation with the relevant investment professional that is responsible for the relevant portfolio investment. CSSU's investment professionals will vote proxies in a manner they believe to be consistent with the best interest of the respective Investing Entities and their investors. The investment professionals monitor potential conflicts by consulting with counsel and taking appropriate measures to mitigate any such conflicts. Records of proxy materials and votes are maintained in the Registrant's offices. Investors in the Investing Entities can obtain a copy of the proxy voting procedures or information on how the Registrant voted proxies for any Investing Entity in which an investor has an investment by contacting the Registrant c/o Credit Suisse, Investor Relations, Eleven Madison Avenue, 9th Floor, New York, New York 10010, 877-435-5264.

## **XVIII. Financial Information**

CSSU has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the DEP Program.