

INVESTMENT ADVISER BROCHURE

GRYPHON ADVISORS, LLC

Part 2A of Form ADV

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March 28, 2024

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Gryphon Advisors, LLC (“Gryphon Advisors”). If you have any questions about the contents of this Brochure, please contact us at (415) 217-7448. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

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

Additional information regarding Gryphon Advisors is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Gryphon Advisors filed its most recent Form ADV Part 2A on March 30, 2023. This annual amendment includes updates to Gryphon Advisors' regulatory assets under management, as well as the description of the business practices of Gryphon Advisors and its affiliates, including, but not limited to, updates to the Funds (as defined herein) managed by Gryphon Advisors and to the description of certain risk factors, business practices, and advisory services of Gryphon Advisors.

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ADVISORY BUSINESS

Gryphon Advisors is a private investment management firm, including several investment advisory entities and other affiliated organizations with Gryphon Advisors (collectively, “Gryphon”), that manages private fund assets. Gryphon commenced operations in 1995.

Gryphon Advisors, a Delaware limited liability company and a registered investment adviser, together with its affiliated investment advisers, provides investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. Gryphon Advisors commenced operations in June 1999.

The following general partner entities are affiliated with Gryphon Advisors (collectively with Gryphon Advisors, the “Advisers”):

- Gryphon GenPar 3.5, L.P. (“GP 3.5”);
- Gryphon GenPar IV, L.P. (“GP IV”);
- Gryphon Mezzanine Partners GP, L.P. (“GP Mezz”);
- Gryphon GenPar V, L.P. (“GP V”);
- Gryphon Mezzanine Partners GP II, L.P. (“GP Mezz II”);
- Gryphon GenPar VI, L.P. (“GP VI”);
- Gryphon Heritage GenPar, L.P. (“GP Heritage”); and
- Gryphon Junior Capital GP III, L.P. (“GP Mezz III” and, together with GP 3.5, GP IV, GP Mezz, GP V, GP Mezz II, GP VI, GP Heritage and any future affiliated general partner entities, each, a “General Partner” and, collectively, the “General Partners”).

Each General Partner listed above is subject to the Advisers Act pursuant to Gryphon Advisors’ registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Gryphon Advisors.

Gryphon Advisors serves as the management company of:

- Gryphon Partners 3.5, L.P. and Gryphon Partners 3.5-A, L.P., each a Delaware limited partnership (collectively, “Gryphon 3.5”);
- Gryphon Partners IV, L.P., Gryphon Partners IV-A, L.P., and Gryphon Co-Invest Fund IV, L.P. (“Co-Invest Fund IV”), each a Delaware limited partnership (collectively, “Gryphon IV”);
- Gryphon Mezzanine Partners, L.P., a Delaware limited partnership, and Gryphon Mezzanine Co-Invest Fund, LLC, a Delaware limited liability company (“Mezz Co-Invest” and, collectively, “Gryphon Mezz”);
- Gryphon Partners V, L.P., Gryphon Partners V-A, L.P., Gryphon Partners V-B, L.P. (“Gryphon V-B”), Gryphon Partners V-C(I), L.P., and Gryphon Partners V-C(II), L.P., each a Delaware limited partnership (collectively, “Gryphon V”);

- Gryphon Mezzanine Partners II, L.P. and Gryphon Mezzanine Partners II Feeder Fund, L.P., each a Delaware limited partnership, and Gryphon Mezzanine Co-Invest Fund II, LLC, a Delaware limited liability company (“Mezz Co-Invest II” and, collectively, “Gryphon Mezz II”);
- Gryphon Partners VI, L.P. and Gryphon Partners VI-A, L.P., each a Delaware limited partnership, and Gryphon VI GenPar Investors, LLC, a Delaware limited liability company (“Gryphon VI GenPar” and, collectively, “Gryphon VI”);
- Gryphon Heritage Partners, L.P. and Gryphon Heritage Partners A, L.P., each a Delaware limited partnership, and Gryphon Heritage GenPar Investors, LLC, a Delaware limited liability company (“Gryphon Heritage GenPar” and, collectively, “Gryphon Heritage”); and
- Gryphon Junior Capital Fund III, L.P., Gryphon Junior Capital Feeder Fund, L.P., and Gryphon Junior Capital III Feeder Fund-B, L.P., each a Delaware limited partnership (collectively, “Gryphon Mezz III” and, together with Gryphon 3.5, Gryphon IV, Gryphon Mezz, Gryphon V, Gryphon Mezz II, Gryphon VI, and Gryphon Heritage and their respective parallel and alternative investment vehicles, the “Funds”).

The General Partners each serve as general partner to one or more of the Funds and have the authority to make the investment decisions for the Funds to which they provide advisory services. In its capacity as the management company of the Funds, Gryphon Advisors has the authority to manage the business and affairs of the Funds.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” The Advisers’ investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments, and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted in certain instances. Where such investments consist of portfolio companies, the senior principals or other personnel of Gryphon Advisors or its affiliates generally serve on the boards of directors (or other governing bodies) of such portfolio companies or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Gryphon Advisors’ advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a “Memorandum”) and limited partnership or other operating agreements of the Funds (each, a “Partnership Agreement” and, together with any relevant Memorandum, the “Governing Documents”), and are further described below under “Methods of Analysis, Investment Strategies, and Risk of Loss.” Investors in the Funds (generally referred to herein as “investors” or “Limited Partners”) participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Gryphon and any investor. The Funds or the Advisers generally enter into side letters or other similar agreements (“Side Letters”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms of, the Governing Documents with respect to such investors.

Additionally, as permitted by the Governing Documents, the Advisers expect to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-investment vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants, and other service providers, portfolio company management or

personnel, the Advisers' personnel, and/or certain other persons associated with the Advisers and/or their affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in Gryphon's sole discretion, Gryphon reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

As of December 31, 2023, Gryphon managed \$9,047,057,854 in client assets on a discretionary basis. The principal owner of Gryphon Advisors is R. David Andrews.

FEES AND COMPENSATION

In general, the Advisers receive a Management Fee (as defined herein) and a carried interest in connection with the provision of advisory services to its clients. The Advisers or their affiliates receive additional compensation in connection with management and other services performed (*e.g.*, monitoring and other fees) for portfolio companies of the Funds and such additional compensation will offset, in whole or in part, the applicable Management Fee otherwise payable to the Advisers to the extent provided by the Governing Documents. In addition, the Advisers receive compensation in connection with services provided by members of the Gryphon Operations Resources Group (the "ORG") to portfolio companies or prospective portfolio companies in which one or more Funds invest or are considering an investment, and such compensation will not offset the applicable Management Fee. Investors in the Funds also bear certain expenses. Additionally, the Advisers are permitted to recover certain losses incurred in the operation of the ORG, as specified in the relevant Governing Documents.

Management Fees

Each Fund (other than Mezz Co-Invest, Mezz Co-Invest II, Gryphon VI GenPar, and Gryphon Heritage GenPar) pays or will pay the applicable General Partner, semiannually, partially in advance and partially in arrears, or quarterly, in arrears, as applicable, a management fee (the "Management Fee") during such Fund's investment period equal, on an annual basis, to: (i) in the case of Gryphon Mezz III, 1.50% of the aggregate amount of capital invested in investments made by Gryphon Mezz III that have not been disposed of less the amount of permanent write-downs of such investments that have not been disposed of; (ii) in the case of Gryphon Mezz and Gryphon Mezz II, 1.75% of the aggregate amount of capital invested in investments made by such Fund that have not been disposed of less the amount of permanent write-downs of such investments that have not been disposed of; (iii) in the case of Gryphon 3.5, Gryphon IV (other than Co-Invest Fund IV), Gryphon V (other than Gryphon V-B), Gryphon VI, and Gryphon Heritage, 2.0% of aggregate investor capital commitments ("Commitments"); (iv) in the case of Co-Invest Fund IV, 2.0% of the aggregate amount of capital invested in investments made by Co-Invest Fund IV that have not been disposed of less the aggregate amount of permanent write-downs of such investments that have not been disposed of; and (v) in the case of Gryphon V-B, a percentage as agreed upon between GP V and the relevant Limited Partner of each Limited Partner's Commitment, in each case as further described in the Governing Documents.

Except with respect to Gryphon Mezz III, upon a date specified in the Governing Documents (the “Stepdown Date”), the Management Fee: (i) in the case of Gryphon Mezz and Gryphon Mezz II, will be reduced to 1.5% of the aggregate amount of capital invested in investments made by such Fund that have not been disposed of less the amount of permanent write-downs of such investments that have not been disposed of; (ii) in the case of Gryphon 3.5, will be reduced to 2.0% of the aggregate amount of capital invested in investments made by such Fund that have not been completely written off; (iii) in the case of Gryphon IV (other than Co-Invest Fund IV), Gryphon V (other than Gryphon V-B), Gryphon VI, and Gryphon Heritage, will be reduced to 2.0% of the aggregate amount of capital invested in investments made by the relevant Fund that have not been disposed of less the amount of permanent write-downs of such investments that have not been disposed of; and (iv) in the case of Gryphon V-B, will be reduced to a certain percentage of each Limited Partner’s applicable Management Fee percentage of the aggregate amount of capital invested in investments made by the relevant Fund that have not been disposed of less the amount of permanent write-downs of such investments that have not been disposed of, in each case as further described in the Governing Documents. Further: (i) in the case of Gryphon IV, Gryphon V (other than Gryphon V-B), Gryphon VI, and Gryphon Heritage, following the occurrence of certain other events specified in the relevant Governing Documents, the Management Fee will be reduced to 1.75% of the aggregate amount of capital invested in investments made by the relevant Fund that have not been disposed of less the amount of permanent write-downs of such investments that have not been disposed of, as further described in the relevant Governing Documents; and (ii) in the case of Gryphon V-B, following the occurrence of certain other events specified in the Governing Documents, the Management Fee with respect to each Limited Partner will be reduced to a rate equal to 87.5% of the relevant Limited Partner’s Management Fee, as further described in the Governing Documents.

The Management Fee will be payable throughout the life of the Funds, as described in the Governing Documents. Installments of the Management Fee payable for any period other than a full three-month or six-month period, as applicable, are adjusted on a *pro rata* basis according to the actual number of days in such period.

As is generally the case in private equity funds, the Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value.

In the case of Gryphon 3.5, Gryphon IV, Gryphon V, Gryphon VI, and Gryphon Heritage (collectively, the “Gryphon Equity Funds”), as further specified in such Funds’ Governing Documents, from the effective date of the relevant Gryphon Equity Fund until the Stepdown Date, Management Fees generally will be charged based on a formula tied to the amount of the relevant Gryphon Equity Fund’s aggregate Commitments. After the Stepdown Date, the Gryphon Equity Funds’ Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant Fund relating to the Fund’s aggregate investment(s) in portfolio companies that have not been realized or permanently written-down (or, in the case of Gryphon 3.5, completely written off) (such permanently written-down or written-off investments, “Impaired Value Investments”). Moreover, under the Gryphon Equity Funds’ Governing Documents, where the fair market value of a Fund’s remaining investment in a portfolio company exceeds the total amount of investment contributions relating to such portfolio company, post-Stepdown Date Management Fees will continue to be calculated based on the amount of aggregate investment contributions by such Fund to such portfolio company. In addition, the Governing Documents do not require Management Fees to be reduced or refunded following the occurrence of a write-down (or, in the case of Gryphon 3.5, a write-off), decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Documents and subject to the preceding sentence. For the avoidance of doubt, following the Stepdown Date, if the fair market value of an Impaired

Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable by a Gryphon Equity Fund relating to such investment will be reduced solely based on the ratio of the fair market value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s) as of the date of the relevant event.

In the case of Gryphon Mezz, Gryphon Mezz II and Gryphon Mezz III (collectively, the “Gryphon Mezz Funds”), as further specified in such Funds’ Governing Documents, from the effective date of the relevant Gryphon Mezz Fund until the date upon which such Fund is liquidated (*i.e.*, for the life of such Fund), Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant Fund relating to the Fund’s aggregate investment(s) in portfolio companies that have not been realized or that have been determined to be Impaired Value Investments. Moreover, under the Gryphon Mezz Funds’ Governing Documents, where the fair market value of a Fund’s remaining investment in a portfolio company exceeds the total amount of investment contributions relating to such portfolio company, Management Fees will continue to be calculated based on the aggregate amount of such investment contributions by such Fund to such portfolio company. In addition, the Governing Documents do not require the Management Fees to be reduced or refunded following the occurrence of a write-down, decrease (including a significant decrease) in fair value or other event not constituting a complete divestment of a credit investment in the relevant portfolio company, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Documents and subject to the preceding sentence. For the avoidance of doubt, if the fair value of an Impaired Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable by a Gryphon Mezz Fund relating to such investment will be reduced solely based on the ratio of the fair value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s) as of the date of the relevant event.

As a result, and as is generally the case for private equity funds, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments or of a Fund, including, in the case of a Gryphon Equity Fund, following the relevant Stepdown Date, and will not be reduced in connection with any write-downs (whether temporary or permanent) or, in the case of Gryphon 3.5, any write-offs, except in the case of Impaired Value Investments. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (*e.g.*, those resulting from a dividend recapitalization) or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions or in circumstances where one or more other Fund(s) divest their respective investment(s) (including credit investments) in the relevant portfolio company, whether in whole or in part, in each case in circumstances that do not result in the complete disposition of the relevant Fund’s interest therein, and even in cases where the value of the Fund’s investment or the Fund’s ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

In many circumstances, the Gryphon Mezz Funds’ Management Fee base and the Gryphon Equity Funds’ post-Stepdown Date Management Fee base will include capitalized transaction-specific expenses of unrealized investments. Further, each Fund’s Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs or, in the case of Gryphon 3.5, write-offs that occur partway through the relevant calculation period.

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors in each Fund should expect to bear the full specified Management Fee rate in the relevant Governing Documents until they are reduced in the circumstances and, in the case of a Gryphon Equity Fund, on the date(s) specified therein.

To the extent specified in a Fund's Governing Documents, Gryphon Advisors or another Gryphon entity will be permitted to receive certain supplemental fees and other amounts ("Supplemental Fees") only a portion of which will be offset against the Management Fee consisting of: (i) in the case of Gryphon 3.5 and Gryphon IV, either 50% or 80% of any fees paid to Gryphon Advisors or another Gryphon entity, based on the type of fee and whether certain hurdles specified in the Governing Documents have been reached (subject, in the case of Gryphon 3.5, to a cap above which 100% of the non-affiliated partner percentage of any additional fees paid to Gryphon Advisors or another Gryphon entity in excess of the applicable cap offset Management Fees); and (ii) in the case of Gryphon Mezz, Gryphon Mezz II, Gryphon Mezz III, Gryphon V (other than Gryphon V-B), Gryphon VI, and Gryphon Heritage, 100% of any fees paid to Gryphon Advisors or another Gryphon entity. The remaining portion of Gryphon portfolio company-related fees not offset against Management Fees will be retained by Gryphon Advisors or another Gryphon entity. To the extent that such an offset credit would reduce the Management Fee for the relevant period below zero, the credit will be carried forward for future application against payable Management Fees. To the extent any such excess remains unapplied upon dissolution of a Fund, each partner of such Fund will receive its share of such unapplied excess, unless such partner elects not to receive its share. To the extent that any other Fund or any other entity or individual co-invests alongside a Fund in any portfolio company investment, any Supplemental Fees will generally be allocated among such Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Additionally, where specified by the relevant Governing Documents, the relevant offset percentage will be calculated solely based on the percentage of the relevant Fund beneficially owned by unaffiliated parties. Accordingly, a Fund will, in most cases, only benefit with respect to the relevant allocable portion of any such Supplemental Fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments or allocable to any other investor in a portfolio company (including, where applicable, service providers, third parties, current or former portfolio company management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or others); or (ii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management, which have the potential to be significant. In certain circumstances, Gryphon Advisors expects that co-investors will negotiate the right to share a portion of Supplemental Fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such co-investors. Additionally, as further described below and in the Governing Documents, it is Gryphon Advisors' practice to use or retain certain ORG members to provide services to (or with respect to) certain portfolio companies or prospective portfolio companies in which one or more Funds invest or are considering an investment. Gryphon Advisors or such ORG members generally receive compensation and other amounts described herein from the relevant portfolio companies, prospective portfolio companies, or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee. For the avoidance of doubt, Gryphon Advisors also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies. Each of the foregoing conditions is expected to reduce the amount of Supplemental Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to Gryphon Advisors and/or its affiliates over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for Gryphon Advisors to seek to increase such amounts.

Gryphon Advisors and/or its affiliates generally have discretion over whether to charge such Supplemental Fees or other compensation to a portfolio company and, if so, the rate, timing, and/or amount of such Supplemental Fees or other compensation. The receipt of such compensation (and the determination of whether and to what extent to charge such compensation to a portfolio company) generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Gryphon Advisors and/or its affiliates, on the other hand. A Fund will, in most cases, only benefit with respect to its allocable portion of any such Supplemental Fees and not the portion of any fee allocable to another entity, including, if applicable, any co-investment vehicle.

The Management Fee will commence as of the effective date of a Fund, regardless of when a Limited Partner in a Fund is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the applicable Fund and, in the applicable General Partner's discretion, from drawdowns that will reduce unfunded Commitments.

As permitted under the Governing Documents, each of GP 3.5, GP IV, GP V, GP VI, and GP Heritage reserve the right to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the applicable Fund. The Limited Partners of Gryphon 3.5, Gryphon IV, Gryphon V, Gryphon VI, or Gryphon Heritage would, in such circumstances, be required to make a *pro rata* contribution according to their respective Commitments to fund any capital contribution that would otherwise be required of the applicable General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by a General Partner and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in a Fund, resulting in a net additional benefit to the applicable General Partner.

Carried Interest

Each General Partner is generally entitled to receive a carried interest with respect to certain Funds equal to 20% of all realized profits subject to an 8% annually compounded preferred return hurdle, other return parameters specified in the Governing Documents, and the related general partner catch-up provision, in each case as more fully described in the Governing Documents. The carried interest distributed to a General Partner is subject to a potential clawback or giveback at the end of the life of a Fund if the respective General Partner has received excess cumulative distributions.

It is expected that any future Funds will have a similar compensation structure.

Other Information

The Advisers are generally permitted to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest. The relevant General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, investment through a separate class of limited partnership interests of a given Fund, or through other Funds which co-invest alongside the Funds. For example, in instances where an Adviser professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the Governing Documents, certain General Partners have the right to permit investors, affiliated with the General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest.

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former personnel of Gryphon generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest, or other compensation received by the Advisers or their affiliates.

In addition to the Management Fee and carried interest payable to the Advisers, each Fund bears certain expenses. As set forth more fully in the Governing Documents, each Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments, and business to the extent not reimbursed by portfolio companies, including all costs, expenses, fees, liabilities, and obligations relating or attributable to: (i) activities with respect to the identifying, structuring, organizing, negotiating, consummating, financing, refinancing, acquiring, diligencing (including any subscriptions to any periodicals, databases and/or research services), bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, a Fund's portfolio companies and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful ("Broken Deal Expenses"); (ii) indebtedness of, or guarantees made by, a Fund, Gryphon Advisors, the relevant General Partner or any "affiliated partner" on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar third-party fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository and local paying agent (including any depository appointed pursuant to the European Union Alternative Investment Fund Managers Directive (EU 2011/61/EU, together with Commission Delegated Regulation (EU) No 231/2013 supplementing the Directive, as well as any similar or supplementary law, rule or regulation or guidance including any equivalent or similar law, rule or regulation or guidance implemented in the United Kingdom as a result of it ceasing to be part of the European Union, or subordinate legislation thereto, as implemented in any relevant jurisdiction the "AIFMD"), Swiss representative and paying agent appointed pursuant to the Swiss Collective Investment Schemes Act Dated June 23, 2006 as amended (CISA) (including any law, rule or regulation relating to the implementation thereof), trustee, record keeping, account and similar services; (vi) expenses associated with the reporting, filings or other ongoing compliance requirements contemplated by the AIFMD (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements, trustee, record keeping, account and similar services; (vii) legal, accounting, research, auditing, administration (including fees and expenses associated with a Fund's third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services as well as costs related to the establishment or maintenance of such other services), consulting (including consulting and retainer fees, salary and other compensation paid and benefits provided to the ORG or any of its members, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services; (viii) reverse breakup, termination and other similar fees; (ix) insurance, including directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses (including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies; (x) filing, title, survey, transfer, registration and other similar fees and expenses; (xi) printing,

communications, mailing, courier, marketing and publicity; (xii) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with partners, or any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports), or other information, including fees and expenses of any third-party service providers and professionals related to the foregoing; (xiii) compliance with any tax or financial account reporting regime, including the Foreign Account Tax Compliance Act (FATCA), the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or the Limited Partners; (xv) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with the EU Data Protection Law or FOIA (each as defined in the Governing Documents)); (xvi) to the extent provided in the Governing Documents, or otherwise approved by the relevant General Partner in its sole discretion, activities or proceedings of a Fund’s advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the relevant General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xvii) indemnification (including legal and any other fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xviii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xix) any annual Limited Partner meeting or other periodic, if any, meetings of the Limited Partners and any other conference, meeting or webcast or other video conference with any Limited Partner(s); (xx) except as otherwise determined by the relevant General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with a Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund and preparing and distributing such vehicles’ financial statements, tax returns, Limited Partner reports, to the extent not paid by the investors investing in such entities and any other costs and expenses related to any structuring or restructuring of any alternative investment vehicle, portfolio company or portfolio company of any alternative investment vehicle; (xxi) the termination, liquidation, winding up or dissolution of a Fund and any legal entities owned directly or indirectly by a Fund, including portfolio companies and related entities; (xxii) defaults by partners in the payment of any capital contributions; (xxiii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, the relevant General Partner and any alternative investment vehicle of a Fund, including the preparation, distribution and implementation thereof; (xxiv)(A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or third-party service provider fees, costs and expenses related thereto, and/or (B) the validation or other confirmation of any payments made to a Fund or the relevant General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxv) any litigation or governmental inquiry, investigation or proceeding involving a Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Governing Documents; (xxvi) any experts engaged, including

independent appraisers engaged by the relevant General Partner in connection with a Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more investment vehicles (other than a Fund) managed or controlled by the relevant General Partner or any of its affiliates; (xxvii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a Limited Partner and any Limited Partner's name change, internal restricting or change in trust, registered agent or custodian; (xxviii) any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund (except to the extent that such Fund is reimbursed therefor by a partner pursuant to the Governing Documents) and any costs and expenses of or related to the "partnership representative" of a Fund; (xxix) distributions to the partners and other expenses associated with the acquisition, holding and disposition of a Fund's investments, including extraordinary expenses; (xxx) unreimbursed expenses and unpaid fees of the ORG or its members; (xxxi) compliance or regulatory matters related to a Fund, except as set forth in the Governing Documents, including compliance or regulatory matters related to portfolio companies, prospective portfolio companies or actual or potential investments of a Fund, as well as compliance with the Governing Documents and/or any Side Letters and costs and expenses incurred in connection with the most favored nations process; (xxxii) any travel (including, where appropriate as determined by the relevant General Partner, in its sole discretion, the cost of using any private aircraft or other private air travel at a cost up to (A) an amount equal to the corresponding first class commercial airfare, as determined by the General Partner, or (B) the actual cost of such travel if the relevant General Partner determines that private aircraft or other private air travel is the only convenient means to reach a given location), car or ride sharing services and other modes of transportation, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxiii) any fees payable to any placement agent in connection with the formation of a Fund; and (xxxiv) any other fees, costs, expenses, liabilities or obligations approved by a Fund's advisory board. Except where the relevant Governing Documents or Side Letter(s) expressly provide to the contrary, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of the Advisers and/or their affiliates and ORG members; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities, and obligations of legal counsel, consultants, and/or other service providers to procure, develop, establish, review, revise, customize, upgrade, and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction, or, to the extent necessary or desirable for operational, administrative, tax, or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. A General Partner reserves the right to agree with ORG members, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant Fund in that it does not involve a cash outlay for the payment of expenses, and could be further favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits, participation or equity interest generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation, which in either case could be substantial. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side

Letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

In some cases, the Advisers expect to form a co-investment vehicle to invest in portfolio companies alongside one or more Funds in connection with the consummation of a transaction, subject to the Advisers’ related policies and practices and the Governing Documents and/or Side Letter(s). If a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the applicable General Partner, ultimately is not consummated, no co-investment vehicle generally will have been formed, and all Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s) selected by the applicable General Partner as proposed investors for such proposed transaction, and not by any potential co-investors that were to have participated in such transaction, to the extent set forth in the Governing Documents. To the extent that such co-investors have already executed definitive documentation to invest in such transaction, such co-investor is expected to bear its *pro rata* share of such Broken Deal Expenses. To the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole.

Operations Resources Group Members

Additionally, as described more fully herein and in the Governing Documents, under specific circumstances, certain ORG members (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) who are employed or retained by Gryphon Advisors provide certain value-added services to portfolio companies or prospective portfolio companies in which one or more Funds invest or are considering an investment, whether on a one-time or more regular basis, that typically would otherwise be performed by third-party consultants or other service providers. Such ORG members generally provide services in relation to the identification, acquisition, holding, improvement, and disposition of portfolio companies, including services with respect to manufacturing, sales, marketing, finance & accounting, treasury, capital markets, financing, technology, human resources, human capital, acquisition integration/rationalization, and/or other operations services, acquisition or other due diligence, or similar services. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. ORG members receive compensation, including, but not limited to, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), a profits, participation or equity interest in a portfolio company or holding company, incentive equity and stock awards, profits or equity interests in one or more Funds or General Partners, remuneration from Gryphon Advisors and/or its Funds or affiliates or other compensation, the amount of which typically is determined according to one or more methods, including, but not limited to, the value of the time (including an allocation for overhead and other fixed costs) of such ORG members. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund’s investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all such compensation as well as fees, costs and expenses of structuring such arrangements. ORG members also generally will be reimbursed for certain travel and other costs in connection with their services. In order to procure these services, in

certain circumstances Gryphon Advisors will retain or employ the relevant ORG member and seek reimbursement from the relevant portfolio companies or prospective portfolio companies for the relevant compensation and/or other costs. As set forth in the Governing Documents, such reimbursed costs will not offset the applicable Management Fee and, as such, are not covered by the Management Fee. The use of the ORG subjects Gryphon Advisors to potential conflicts of interest, as discussed under “Methods of Analysis, Investment Strategies, and Risk of Loss—Conflicts of Interest,” below.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the relevant General Partner generally receives a carried interest allocation on certain profits in the relevant Fund. Gryphon Advisors advises Co-Invest Fund IV, Mezz Co-Invest and Mezz Co-Invest II, each of which is not subject to carried interest. While this practice could present a potential conflict of interest, Gryphon does not believe this arrangement poses a conflict of interest in practice because (i) Co-Invest Fund IV co-invests alongside the other Gryphon IV Funds, in each case, at substantially the same time and on substantially the same terms as such other Funds and disposes of such investments in a similar manner, and (ii) each of Mezz Co-Invest and Mezz Co-Invest II invests directly into Gryphon Mezz and Gryphon Mezz II, respectively, as a Limited Partner. In addition, Gryphon has adopted certain allocation policies and procedures to address this potential conflict of interest in accordance with the Governing Documents.

Additionally, to the extent that Gryphon Advisors has Funds with varying carried interest terms and/or certain Gryphon Advisors personnel are assigned varying percentages of carried interest from the Funds, Gryphon Advisors and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

Gryphon Advisors seeks to address the potential for conflicts of interest in these matters with allocation policies/practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by Gryphon Advisors or any personnel.

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

TYPES OF CLIENTS

Gryphon Advisors provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to Gryphon Advisors’ related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Investment Company Act”). The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations, or other corporations or business entities and often include, directly or indirectly, principals or other personnel of

Gryphon Advisors and its affiliates and members of their families, ORG members, or other service providers retained by Gryphon Advisors or a Fund, as well as executives of portfolio companies.

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

Gryphon 3.5 had a minimum investment amount of \$2,500,000 for third-party investors. Such minimum investment amount was waived by the applicable General Partner in certain cases, but not less than \$100,000.

Gryphon IV had a minimum investment amount of \$2,500,000 for third-party investors. Such minimum investment amount was waived by the applicable General Partner in certain cases, but not less than \$100,000.

Gryphon Mezz had a minimum investment amount of \$500,000 for third-party investors. Such minimum investment amount was waived by the applicable General Partner in certain cases, but not less than \$100,000.

Gryphon V had a minimum investment amount of \$2,500,000 for third-party investors. Such minimum investment amount was waived by the applicable General Partner in certain cases, but not less than \$100,000.

Gryphon Mezz II had a minimum investment amount of \$500,000 for third-party investors. Such minimum investment amount was waived by the applicable General Partner in certain cases, but not less than \$100,000.

Gryphon VI had a minimum investment amount of \$2,500,000 for third-party investors. Such minimum investment amount was waived by the applicable General Partner in certain cases, but not less than \$100,000.

Gryphon Heritage had a minimum investment amount of \$2,500,000 for third-party investors. Such minimum investment amount was waived by the applicable General Partner in certain cases, but not less than \$100,000.

Gryphon Mezz III had a minimum investment amount of \$500,000 for third-party investors. Such minimum investment amount was waived by the applicable General Partner in certain cases, but not less than \$100,000.

Investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors must be (i) “accredited investors” as defined in Regulation D promulgated under the Securities Act of 1933, as amended, and (ii) either “qualified purchasers” or “knowledgeable employees” as such terms are defined under the Investment Company Act. The Advisers, in their sole discretion, are permitted to waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

General

Gryphon is a private investment firm focused on leveraged acquisitions, recapitalizations, and restructurings of, and, in the case of the Gryphon Mezz Funds, mezzanine investments in, companies in the lower-end segment of the U.S. middle market. Gryphon Advisors' investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments, and achieving dispositions for investments. Investments are predominantly in non-public companies, although investments in public companies are permitted.

Gryphon Advisors prioritizes investment opportunities where it can apply its professionals' sector-specific knowledge and operational acumen in order to seek to build value for the Funds' investors. Such investment opportunities typically involve the purchase of controlling interests in companies with some combination of the following characteristics:

- stable underlying industries and competitive dynamics;
- current or potential market leadership positions;
- management teams whose professionalism can be augmented through the addition of new executives and board directors;
- operational improvement opportunities; and
- potential for expanded product lines, service offerings, and/or geographic presence.

As described further below, Gryphon Advisors seeks to pursue attractive risk-adjusted returns for the Funds utilizing Gryphon's: (i) proprietary business model, professional team, and firm culture; (ii) thematic and proactive sector strategies; (iii) value-added and fully-integrated ORG; and (iv) successful integration of add-on acquisitions. Gryphon Advisors generally focuses on investments that require equity capital of approximately \$50 million to \$300 million and follow-on investments of up to an additional \$25 million to \$50 million, although the required capital may be greater or less than such amounts.

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

Investment and Operating Strategy

Proprietary Business Model, Professional Team, & Firm Culture. Gryphon's 145-member professional team possesses a proprietary combination of operational experience, sector knowledge and specialization, and deal-making sophistication. Gryphon also benefits from a number of "in-house" functional experts in such valuable areas as organizational development and executive talent engagement, as well as due diligence, finance, capital markets, and marketing.

Thematic and Proactive Sector Strategies. The firm's primary origination strategy is proactive sourcing of investment opportunities within specific sectors, chosen after extensive upfront research by the 57 professionals on Gryphon's Industry Specialty Group and Origination teams, and frequently pursued in exclusive partnership with proven large-market executives.

Value-Added and Fully-Integrated Operations Resources Group. The ORG has been strategically grown since 1999 to 34 professionals today, including 12 partners and 22 other professionals. The numerous initiatives led by the ORG within Gryphon’s portfolio in concert with its investment professionals seek to drive meaningful equity value creation.

Successful Integration of Synergistic Add-on Acquisitions. Gryphon seeks to further build value through its origination, execution, and integration of synergistic add-on acquisitions.

Gryphon believes such acquisitions expand its companies’ scale, product and service offerings, addressable customer base, and exit alternatives, while also creating opportunities to reduce costs and share best practices.

Risks of Investment

The Funds and their investors bear the risk of loss that the Advisers’ investment strategy entails. Although the following risk factors are generally applicable to the Funds, investors should also refer to each Fund’s Memorandum for risk factors specific to their Fund. The risks involved with the Advisers’ investment strategy and an investment in a Fund include, but are not limited to:

Business Risks. A Fund’s investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of the General Partners’ principals’ (the “Principals”) prior investments is not necessarily indicative of a Fund’s future results. While the General Partners intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

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

Investment in Debt Securities. Certain Funds are expected to make investments in debt securities. Debt portfolios are subject to credit risk, which is the likelihood that an issuer will default in the payment of principal and/or interest on an instrument, and interest rate risk, which is the risk associated with market changes in interest rates. Financial strength and solvency of an issuer are the primary factors influencing credit risk. Borrowers may face intense competition, changing business and economic conditions, or other developments that may adversely affect their performance and increase credit risk. In addition, subordination or lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of a Fund investment. In addition, borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement, and/or bring claims for lender liability in response to actions to enforce debt obligations. If any of the above occurred, a Fund’s investment in such financial assets could be adversely affected.

Mezzanine and Other Subordinated Investments. Certain Fund investments are expected to consist of loans, securities, and/or other instruments, or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in right of payment and ranked junior to other securities and/or instruments issued by, or loans made to, obligors. Mezzanine and other subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although subordinated

debt is senior to common stock and other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and are often unsecured.

While subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of such investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. In addition, the ability of the subordinated debt holders to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Accordingly, a Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all. Further, the unsecured debt in which a Fund is permitted to invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity, and may not be rated by a credit rating agency.

Subordinated debt investments may increase a Fund's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy, or deterioration in the condition of the portfolio company on the subordinated debt investment. In the event that any portfolio company on a mezzanine loan or other subordinated debt investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of a Fund's investment in such loan could be significantly reduced or even eliminated. If a portfolio company becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of mezzanine and subordinated debt may be adversely affected. With respect to a Fund's investments in the form of subordinated debt instruments, upon any distribution to the relevant borrower's creditors in a bankruptcy, liquidation, or reorganization, or similar proceeding, the holders of such borrower's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on a Fund's investment. In the event of a bankruptcy, liquidation, or reorganization, or similar proceeding relating to such a borrower, a Fund will typically participate with all other holders of such borrower's indebtedness in the assets remaining after the borrower has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). Such borrower may not have sufficient funds to pay all of its creditors, and a Fund may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such borrower or the holders of indebtedness that is not subordinated.

Unitranche Debt. Certain Funds are permitted to invest in unitranche debt, which is an instrument that combines senior secured debt and subordinated debt into a single debt instrument. Unitranche loans are a newer form of debt instrument and they have not been fully evaluated through a credit cycle; therefore, they may subject a Fund to risks that cannot be fully identified at this time. Further, the complex terms of unitranche debt have not yet been widely tested in bankruptcy and workout situations. As a result, default and loss expectations are more difficult to estimate with respect to unitranche debt as compared to other forms of debt instruments such as senior loans and subordinated debt instruments. The untested nature of unitranche loan arrangements also exposes a Fund to a heightened risk of litigation among the lender group in the event of bankruptcy.

High Yield Securities and Instruments. Certain Funds are permitted to invest in high-yield or non-investment grade securities, and/or other instruments. Such securities and other instruments are generally not exchange-traded and, as a result, these securities and other instruments trade in the over-the-counter marketplace, which is less transparent and less liquid than the exchange-traded marketplace. In addition, a Fund is permitted to invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Non-investment grade securities and other instruments face ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated securities and other instruments

tend to reflect individual corporate developments to a greater extent than do higher-rated securities and other instruments which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities and other instruments. Companies that issue such securities and other instruments are often highly leveraged and may not have available to them more traditional methods of financing. A major economic recession could severely disrupt the market for such securities and other instruments and may have an adverse impact on the value of such securities and other instruments.

Investments in Convertible Debt. Certain Funds are permitted to make investments in convertible debt securities and/or other instruments. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy, and domestic or worldwide economic conditions.

Non-Performing Nature of Debt. Certain Funds are permitted to invest in securities that are non-performing and/or possibly in default at the time of purchase. Furthermore, the obligor or relevant guarantor of such investment may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to those investments.

Concentration of Investments. Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring, and completing private equity transactions is highly competitive and involves a high degree of uncertainty. A Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers, and other financial investors, including hedge funds, investing directly or through affiliates, and other private equity funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds are expected to be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the relevant General Partner, the relevant Fund and their respective affiliates.

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for a Fund primarily through making private equity investments, each General Partner is permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process, or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. A General Partner is permitted to pursue investments outside of the industries and sectors in which the Principals have previously made investments or have internal operational experience.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments

may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the relevant General Partner) may exceed its income, thereby requiring that the difference be paid from such Fund's capital, including, without limitation, unfunded Commitments.

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

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

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

incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

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

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

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's Limited Partners and the terms of the Governing Documents, it may be higher than the interest rate a Limited Partner could obtain individually. To the extent a particular Limited Partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a Limited Partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for Limited Partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the relevant General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component of the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

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

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by Limited Partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to Limited Partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

Interest Rate Risk with Respect to Indebtedness. Certain Funds' investments utilize floating interest rates. Although the full extent of such risk cannot be predicted, a Fund with such an investment is likely to experience a mismatch (i) between the applicable interest rate with respect to any one or more of a Fund's investments versus such Fund's own indebtedness, (ii) timing and the applicable interest payment dates with respect to any one or more of a Fund's investments versus such Fund's own indebtedness, and/or (iii) the amount of indebtedness incurred by a Fund and such Fund's investments. Additionally, although the interest rates applicable to cash equivalents held by a Fund can be fixed- or floating-rate, they generally are, and expected to continue to be, lower than the interest rates applicable to such Fund's investments.

Accordingly, changes to the applicable floating Benchmark Rate (as defined below) or the holding of significant assets in the form of cash equivalents could adversely affect a Fund's ability to make debt service payments on the aggregate outstanding amount of indebtedness.

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

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

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

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

Non-Controlling Investments. Certain Funds anticipate that they will principally hold debt obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect the Fund's position in such portfolio companies. However, a General Partner reserves the right to seek appropriate creditor and shareholder rights to help protect the relevant Fund's interests in such portfolio companies. Debt obligations may be syndicated to a number of different financial market participants and the terms of such debt obligations may require either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a bankruptcy plan of reorganization is done on a class basis. As a result of these voting regimes, a Fund may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring, or reorganization of debts owed to such Fund. Accordingly, the other holders of the class of securities or other instruments held by the Fund may approve an action that is contrary to the interests of the Fund or that the relevant General Partner does not agree with. Conversely, the Fund may want to take some action that requires the approval of the other holders of the class of security or other instrument, which the Fund may be unable to obtain. These holders may have interests that conflict with or differ from the interests of the Fund.

Distressed Investments. A Fund reserves the right to invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and/or material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization, or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the applicable General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization, or liquidation of such company. The market prices of such investments are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such investments may be greater than those prevailing in other markets. It may take a number of years for the market price of such investments to reflect their intrinsic value. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the U.S. bankruptcy court's power to disallow, reduce, subordinate, or disenfranchise particular claims.

Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization, or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities or other instruments with rights that are materially different than the original securities or other instruments in which such Fund invested.

Allocation of Expenses Among the Funds. The General Partners and their affiliates are expected to incur Broken Deal Expenses, on behalf of one or more of the Gryphon Equity Funds, generally targeting equity investments in certain companies, as well as on behalf of one or more of the Gryphon Mezz Funds.

Broken Deal Expenses incurred in connection with a prospective investment of one or more Gryphon Equity Funds will be incurred by the Gryphon Equity Funds which would have made the investment had it been consummated on the date the prospective transaction was determined to be a broken deal. When more than one Gryphon Equity Fund would have made the investment had it been consummated, the Broken Deal Expenses will be allocated among the Gryphon Equity Funds on a basis determined by the relevant General Partner, in its sole discretion, to be fair and reasonable under the circumstances.

Broken Deal Expenses incurred in connection with a prospective investment of the Gryphon Equity Fund(s) will be allocated to a Gryphon Mezz Fund only in cases where such Gryphon Mezz Fund has committed to an equity co-invest for the prospective transaction, separate and apart from any potential mezzanine financing or other debt or credit investment, which may include a potential equity component. In such cases, the Broken Deal Expenses will be allocated among the Gryphon Equity Fund(s) and the Gryphon Mezz Fund(s), on a basis determined by the relevant General Partner, in its sole discretion, to be fair and reasonable under the circumstances. The Gryphon Mezz Funds will also incur Broken Deal Expenses associated with mezzanine financings and other debt or credit investments, if any. For the avoidance of doubt, except as described above, the Gryphon Mezz Funds will not be allocated (or otherwise bear) any Broken Deal Expenses.

Although the General Partners and their affiliates will endeavor to allocate Broken Deal Expenses on a fair and equitable basis to the Gryphon Equity Funds and, if applicable, the Gryphon Mezz Funds, there can be no assurance that such fees, costs, and expenses will in all cases be allocated appropriately. Any such determinations are expected to involve inherent matters of discretion and conflicts of interest. Notwithstanding the foregoing, the General Partners and their affiliates reserve the right in the future to develop policies and procedures to address the allocation of expenses that differ from its current practice.

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

Reliance on the General Partners and Portfolio Company Management. Control over the operation of each Fund will be vested with the General Partners, and each Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on a Fund's ability to realize its investment objectives. Limited Partners generally have no right or power to take part in the management of the Funds, and, as a result, the investment performance of each Fund will depend on the actions of the applicable General Partner. In addition, certain changes in the applicable General Partner or circumstances relating to such General Partner may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Although each General Partner will monitor the performance of a Fund's investments, it will primarily be the responsibility of each portfolio company's

management team to operate such portfolio company on a day-to-day basis. Although a Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with such Fund's objectives.

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

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

Dilution. Limited Partners admitted or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of such Fund, thereby diluting the interest of such Fund's existing Limited Partners in such investments. Although any such new Limited Partner generally would be required to contribute its *pro rata* share of previously made capital contributions to the relevant Fund, there can be no assurance that such a contribution will reflect the fair value of the relevant Fund's existing investments at the time of such contributions. Dilution risk applies to Limited Partners as well as any parallel funds and co-investors. The risk of dilution increases as a Fund's subscription period increases and/or the amount of time an investment is held by the Fund before co-investors' investments. A Fund's Governing Documents generally provide the purchase price borne by subsequent Limited Partners, which typically includes subscriptions made by such Limited Partners to parallel funds, will be the original purchase price plus accrued interest, subject to the relevant General Partner's ability to utilize an equitable adjustment for such subsequent investors. This dilution risk has the potential to result in potential conflicts of interest between a General Partner and the relevant Fund's Limited Partners, including, but not limited to, unrealized investments that have appreciated in value and the General Partner's interests to increase size of the Fund and resulting management fees and additional carried interest potential.

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

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

Director Liability. The Funds will often seek to obtain the right to appoint one or more representatives to the board of directors of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

Litigation. In the ordinary course of its business, a Fund expects to be subject to litigation. The outcome of such proceedings may materially adversely affect the value of such Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the relevant General Partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Advisory Board. A General Partner will generally appoint one or more Limited Partner representatives to an Advisory Board. The Governing Documents may provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Fund or any Limited Partner. In addition, representatives of the Advisory Board may have various business and other relationships with Gryphon Advisors and its partners, personnel, and affiliates. These relationships may influence their decisions as members of an Advisory Board.

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

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

The ultimate impact of any such health emergency – and any resulting decline in economic and commercial activity – on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant

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

Impact of Government Regulation, Reimbursement, and Reform. Certain industry segments in which the Funds intend to invest, including various segments of the healthcare and financial services industries, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including, in particular, the healthcare and financial services industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund invests. By way of example, the healthcare and financial services industries have been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state, or local or non-U.S. legislative proposals related to such industry are introduced from time-to-time, which, if adopted, could have a significant impact on such industries in general and/or on companies in which a Fund may invest.

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

Economic and Market Conditions. The state of the private equity industry, generally, and the success of a Fund's investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and U.S. and global political and

socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the General Partners. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for a Fund, a Fund's ability to make investments, the availability of funding to support a Fund's investment objectives, the performance and/or valuation of a Fund's investments, and/or a Fund's ability to dispose of investments. In addition, the public market comparable earnings multiples that are frequently used to value privately held portfolio companies and investors' risk-free rate of return may be impacted. In such an environment, a Fund may be more likely to pay reverse break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments. Such conditions could result in substantial or total losses to a Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders, or other custodians (each, a "Financial Institution") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership, or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Gryphon Advisors, any General Partner, the Funds, and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

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

losses, delays, or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

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

Environmental, Social and Governance (“ESG”) Matters. Gryphon Advisors maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. Applying ESG factors to investment decisions is subjective by nature, and Gryphon Advisors expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG (including the role of ESG factors in the investment process). There is no guarantee that the criteria utilized by Gryphon Advisors, or any judgment exercised by Gryphon Advisors, will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, Gryphon Advisors’ ESG policy and associated ESG practices are expected to evolve over time. Although Gryphon Advisors’ views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, Gryphon Advisors cannot guarantee that its ESG program will positively impact the performance of any individual investment or Fund. For avoidance of doubt, however, Gryphon Advisors does not expect to subordinate a Fund’s investment returns or increase a Fund’s investment risks as a result of (or in connection with) the consideration of any ESG factors.

The materiality of ESG factors depends on many factors, including the relevant industry, location, asset class, and investment strategy. ESG factors, issues, and considerations do not apply in every instance and will vary by Fund and investment. In addition, in evaluating an investment, Gryphon Advisors expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Gryphon Advisors to incorrectly assess a company’s ESG practices and/or related risks and opportunities. Gryphon Advisors does not intend independently to verify all ESG information reported by investments or third parties.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by asset managers. Gryphon Advisors’ adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted “anti-ESG” policies, legislation, or initiatives or issued related legal opinions. the definition, measurement and disclosure of ESG factors. Gryphon Advisors and its ESG and associated ESG practices could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and Gryphon Advisors cannot guarantee that its current approach including the ESG policy and associated ESG practices will meet future regulatory requirements,

reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs.

Certain Consultants. The General Partners, each Fund, and the portfolio companies expect to retain other companies and individuals (“Special Consultants”), which may be affiliates of the General Partners, personnel of such affiliates, portfolio companies of other funds managed by a General Partner or its affiliates, third-party consultants (including consultants and external executives), “operating partners,” “strategic partners,” members of the “ORG,” “executive partners,” or “senior advisors.” The Special Consultants are expected to be engaged to provide services to, or in connection with, a Fund in relation to its activities or one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement, and disposition of such portfolio companies, including operational aspects of such companies (“Services”).

Pursuant to the Governing Documents, fees and expenses associated with the Services are authorized to be paid and/or reimbursed by applicable portfolio companies, prospective portfolio companies and/or a Fund. Fees and expenses associated with the Services are permitted, at the discretion of the applicable General Partner taking into account the particular Services, to include a profits or equity interest in a portfolio company or other incentive-based compensation to the Special Consultant, which are permitted to be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable Services, and/or a percentage of cash flows from such company. Additionally, portfolio companies generally have the option to provide opportunities for Special Consultants to invest in such portfolio company and reimburse costs and expenses incurred by Special Consultants. Special Consultants also are expected to receive remuneration from the relevant General Partner and/or a Fund or their respective affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements, and other compensation paid to a Special Consultant will not offset the Management Fee. Special Consultants may have a limited partnership or profit interest in a Fund, a General Partner, one or more other investment funds sponsored by a General Partner, or in an affiliate of a General Partner. Although the relevant General Partner intends to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, a Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, a General Partner reserves the right to agree with Special Consultants, portfolio company management, vendors, service providers or other persons that certain expense reimbursements, payments or other amounts owed to such persons relating to one or more portfolio companies will be paid in the form of a profits interest granted in the relevant portfolio companies or related intermediate entities. The relevant General Partner intends to retain only such Special Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable Services or could provide such Services at lesser cost.

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

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

Business Continuity and Disaster Recovery. Gryphon Advisors and the Funds' operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (*e.g.*, tornadoes, floods, hurricanes, and earthquakes), terrorist attacks, or other circumstances resulting in property damage, network interruption, and/or prolonged power outages. Although Gryphon has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Funds may be adversely affected.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Gryphon Advisors or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Gryphon Advisors, the General Partners, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Gryphon Advisors', the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to Limited Partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Gryphon Advisors or one of its service providers holding its financial or investor data, Gryphon Advisors, its affiliates or the Funds may also be at risk of loss.

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

Valuation of Assets. Valuation of certain of each Fund's investments involves uncertainties and judgmental determinations. There is not expected to be an actively traded market for most of the securities owned by each Fund. When estimating fair value, the applicable General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts, and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. Accordingly, certain investments may be difficult to value and may be subject to varying interpretations of value.

The exercise of discretion in valuation by the applicable General Partner is expected to give rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees. The applicable General Partner is permitted to rely on the advice of brokers, custodians, accountants, appraisers, administrators, independent consultants, professional advisors, or pricing services in connection with such determination of the value of a Fund's assets and liabilities.

Due to a wide variety of market factors and the nature of certain investments to be held by a Fund, there is no guarantee that the value determined by the applicable General Partner will represent the value that will be realized by a Fund on the eventual disposition of the investment. Moreover, the valuations to be performed by the applicable General Partner may be inherently different from the valuation of a Fund's investments in the event such Fund were forced to liquidate all or a significant portion of its investments, for which a liquidation valuation could be materially lower.

Co-Investments. A General Partner reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, in each case on terms to be determined by such General Partner in its sole discretion. Conflicts of interest are expected to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the applicable General Partner in its sole discretion, will not necessarily be in the best interests of the Fund or any individual Limited Partner. In exercising its sole discretion in connection with such co-investment opportunities, the applicable General Partner is authorized to consider some or all of a wide range of factors,

which include the likelihood that an investor may invest in a future fund sponsored by such General Partner or its affiliates. Co-investment opportunities typically will be offered to some and not other Limited Partners. The General Partner's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investor to a Fund and such allocations may be more or less advantageous to some persons than others.

A Fund is permitted to co-invest with third parties through partnerships, joint ventures, or other entities or arrangements. Such investments are expected to involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

In the event that a Fund and one or more co-investors invest together through a holding company, the expenses related to the structuring, formation and operation of such holding company will generally be allocated *pro rata* amongst the relevant Fund and such co-investors. In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket fees (including any break-up fees), costs and expenses relating to such unconsummated transaction generally will be borne by the Fund, and not by any potential or expected co-investors, subject to any restrictions set forth in the Governing Documents.

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

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

As a result of any of the foregoing, a Fund may be adversely affected because of Gryphon Advisors' inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Gryphon Advisors or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in

part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

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

CFIUS and National Security Clearance Considerations. Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States (“CFIUS”), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund’s performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. Limited Partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. Limited Partners’ ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

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

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

United Kingdom (“UK”) Exit from the European Union (the “EU”). The UK formally left the EU on January 31, 2020 (“Brexit”). After a transition period that ended on December 31, 2020, EU rules ceased to apply in the UK. Although the terms of the UK’s future relationship with the EU were agreed in a trade and cooperation agreement, the agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK Government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

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

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

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund’s ability to fulfill its investment objectives.

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

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

Secondaries and other General Partner-Led Transactions. There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and Gryphon Advisors reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by Gryphon Advisors following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing Limited Partners and maintaining exposure to an asset where Gryphon Advisors believes there is the potential for additional value generation. Where undertaken, existing Limited Partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Gryphon Advisors and its affiliates), often on different terms than their original investment in the Fund. However, certain of such transactions are expected to involve: a Limited Partner investing (or being required to invest) additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of the Fund's investment. In other circumstances, even Limited Partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or Limited Partner and those of Gryphon Advisors or any buyer group that typically are not applicable to more

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

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

Conflicts of Interest

Gryphon Advisors and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, legal, management, and other services to the Funds and portfolio companies. The Advisers will devote such time, personnel, and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Advisers conducting their activities, the interests of a Fund likely will conflict with the interests of the Advisers, one or more other Funds, portfolio companies, or their

respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Gryphon Advisors will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the investment period of a given Fund, the Advisers will pursue all appropriate investment opportunities exclusively through the currently active Fund, subject to certain limited exceptions set forth in the Governing Documents and the Advisers' Allocation Policy. Without limitation, the Advisers currently manage, and expect in the future to manage, several other investment funds and investments similar to those in which the Funds will be investing, and expect to direct certain relevant investment opportunities or resources to those investment funds and investments. The Advisers' personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. The Advisers' investment staff will continue to manage and monitor such investment funds and investments. The Advisers' significant investment in the Funds, as well as the Advisers' interest in the carried interest, operate to align, to some extent, the interest of the Advisers with the interest of the Limited Partners, although the Advisers have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to these interests. Such other investment funds and investments that the Advisers expect to control or manage generally have the potential to compete with the Funds or companies acquired by the Funds. Following the investment period of a particular Fund, the Advisers reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to a Fund's investments. To the extent an advisory opportunity is received that is unsuitable for a Fund, in the Advisers' sole discretion, the Advisers and their personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, the Advisers' personnel are permitted to serve on boards or act in other roles unaffiliated with the Advisers, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

The Advisers expect to be presented with certain investment opportunities that would be suitable for more than one of the Funds and other investment vehicles operated by the Advisers or their affiliates. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, Gryphon Advisors is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of the Advisers in a portfolio company also have the potential to raise the risk of using assets of a client of the Advisers to support positions taken by other clients of the Advisers.

The Advisers must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Advisers generally assess whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, as well as factors including, but not limited to: investment restrictions and objectives (including those set forth in the Governing Documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle, investment amount, and structure. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliate of the Advisers in the manner set forth in the Governing Documents and the Advisers' Allocation Policy. The Advisers will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with the Advisers' obligations and reserve the right to take into consideration factors such as those set forth

above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could become a suitable investment for one or more other Funds due to size, revenue, earnings, change in business focus, or other characteristics.

Following such determination of allocation among Funds, the Advisers reserve the right to offer co-investment opportunities to one or more potential co-investors, including ORG members, vendors, service providers and/or other third parties, as determined by the Governing Documents, Side Letters and the Advisers' Allocation Policy. The Advisers' procedures permit it to take into consideration a variety of factors in making such determinations.

Furthermore, the Advisers and their related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other investors in a Fund. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and the Advisers expect to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most-favored nation" provisions of a Fund's Governing Documents, and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting a Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping, or other fees, costs, and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment, and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that personnel and related persons of the Advisers and their affiliates make capital investments in or alongside certain Funds, the Advisers and their affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The Advisers' allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While the Advisers will allocate investment opportunities in a manner that they believe is fair and equitable to their clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Advisers expect to be subject, discussed herein, did not exist.

In certain cases, the Advisers will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Advisers will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds invest at the same, different, or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, are expected to raise potential conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Gryphon Advisors in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Gryphon Advisors expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Gryphon Advisors expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds are expected to be prohibited from exercising (or Gryphon Advisors may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. Gryphon Advisors intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness.

In addition, certain of the Funds' investments are expected to be made in the same portfolio companies or issuers as another investment fund managed or sponsored by a General Partner, Gryphon Advisors, or one of their respective affiliates (such fund, an "Other Gryphon Fund"). These and other situations will involve potential conflicts of interest. Any investment by a Fund in an entity in which an Other Gryphon Fund has a pre-existing investment (or *vice versa*) could be viewed, especially in hindsight, to have been made based on a non-arms-length valuation. Similarly, Other Gryphon Funds generally are permitted to invest later in entities in which a Fund has invested, which would, under the circumstances, be expected to have an effect (either positive or negative) on the market price of such Fund's investments. In circumstances in which a Fund makes an investment in an entity in which an Other Gryphon Fund has a pre-existing investment, such Other Gryphon Fund expects to make business decisions relating to such investment (such as, for example, financing or hedging interest rate, currency, or credit risk) independently of the analogous decisions made with respect to such investment by the applicable Fund. This could result in situations where such Fund chooses not to hedge certain risks that an Other Gryphon Fund does hedge (or *vice versa*), or the possibility that such Fund is exposed to risks of financing (for example, possible margin calls) on an investment when the applicable Other Gryphon Fund is not (or *vice versa*). Although Gryphon Advisors will employ procedures to address such conflicts, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to a Fund and its Limited Partners. Subject to

the terms of the Governing Documents, if a company as to which a Fund and an Other Gryphon Fund each hold an interest becomes financially troubled, the relevant General Partner, in conjunction with the general partner of the relevant Other Gryphon Fund, will make its decisions regarding the appropriate action to be taken with respect to that company, including the terms of any financial restructuring or work-out, in the collective best interests of a Fund and such Other Gryphon Fund.

Relatedly, and with respect to the Gryphon Mezz Funds, an affiliate of each of GP Mezz, GP Mezz II and GP Mezz III manages a Gryphon Mezz Fund. In the future, other affiliates of GP Mezz, GP Mezz II and/or GP Mezz III are expected to manage other investment funds that will focus on mezzanine and other credit investing (such investment funds, together with their parallel investing entities and alternative investment vehicles, the “Credit Funds”). The Gryphon Mezz Funds are expected to hold interests in portfolio companies that are of a different class or type than the class or type of interests held by the Credit Funds. To the extent that a Credit Fund invests in a debt instrument of a portfolio company in which a Gryphon Mezz Fund holds equity securities, GP Mezz, GP Mezz II or GP Mezz III, as applicable, expects to be subject to potential conflicts of interest in determining the terms of such debt instruments and in managing a Gryphon Mezz Fund’s and such Credit Fund’s investments in such portfolio company on a going-forward basis. Potential conflicts are expected to arise between a Gryphon Mezz Fund and the Credit Funds in negotiating the price of the debt securities or other instruments, the characterization of such debt securities or other instruments, the terms of inter-creditor agreements, the interest rate or stated dividend yield of such debt securities or other instruments, the nature of the covenants running in favor of lenders, and the other terms and conditions of investment or in addressing subsequent amendments or waivers.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, the Advisers will allocate fees and expenses in a manner that they believe is fair and equitable to their clients under the circumstances and considering such factors as they deem relevant, but in any case in their sole discretion. In exercising such discretion, the Advisers expect to be faced with a variety of potential conflicts of interest.

As a general matter, and except as otherwise described herein (including with respect to Broken Deal Expenses), Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in the relevant General Partner’s sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to applicable law and legal, contractual, or similar restrictions, expense allocation decisions generally will be made by the Advisers or their affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Gryphon Advisors. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment. Further, Gryphon Advisors reserves the right to consider each relevant Fund’s strategy as a component of its allocation of investment expenses, and as a general matter may not allocate expenses associated with one Fund’s equity investment to a different Fund’s credit investment, or *vice versa*, if the two investments are in the same portfolio company.

As a result of the Funds’ controlling interests in portfolio companies, an Adviser and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Portfolio company board members frequently approve

compensation and/or other amounts payable to an Adviser and/or its affiliates. Unless such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to such Adviser.

Additionally, a portfolio company typically will reimburse an Adviser or service providers retained at the Adviser's discretion for expenses (including, without limitation, travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function, or services performed by such Adviser. This subjects such Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. An Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to such Adviser or such service providers generally is subject to: agreements with or review by sellers, buyers, and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, Gryphon Advisors, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Gryphon Advisors' operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Gryphon Advisors and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Gryphon Information"). In many cases, Gryphon Information will include tools, procedures and resources developed by Gryphon Advisors to organize or systematize Gryphon Information for ongoing or future use. Although Gryphon Advisors expects its Funds and their portfolio companies generally to benefit from Gryphon Advisors' possession of Gryphon Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Gryphon Advisors and its personnel) and not by the Fund or portfolio company from which Gryphon Information was originally received. Gryphon Information will be the sole intellectual property of Gryphon Advisors and solely for the use of Gryphon Advisors. Gryphon Advisors reserves the right to use, share, license, sell or monetize Gryphon Information, without offsetting or otherwise reducing Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset or reduce Management Fees.

Each Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and such service providers are expected to include: (i) the Adviser or a related person of the Adviser (which is permitted to include a portfolio company of such Fund); (ii) an entity with which the Adviser or its affiliates or current or former personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where the Gryphon Advisors personnel are seconded, or from which Gryphon Advisors receives secondees; or (iii)

certain Limited Partners or their affiliates. For example, Gryphon Advisors expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain Limited Partners or their affiliates that are engaged in lending or related business. This discretion subjects each Adviser to conflicts of interest, because, although each Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, it has a potential incentive to recommend the related or other person (including a Limited Partner) because of its financial or other business interest. There is a possibility that an Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen, and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Advisers), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. The Advisers will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although the Advisers generally seek appropriate rates for services, they reserve the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed, or other factors in retaining or recommending service providers. Additionally, the Advisers expect certain service providers, their affiliates, and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, Limited Partners should not expect service providers to the Advisers or any Fund to provide services that will be the most beneficial to any Limited Partner.

In certain circumstances where an Adviser commits or has committed to seek "market" or "arms-length" rates or terms, such Adviser will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. An Adviser reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, an Adviser undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, an Adviser reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not an Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Each Adviser, its affiliates, and equity-holders, and officers, principals, and personnel of the Adviser and its affiliates reserve the right to buy or sell securities or other instruments that the relevant Adviser has recommended to a Fund. In addition, officers, principals, and personnel reserve the right, although they have not historically and do not currently intend to, to buy securities in transactions offered to but rejected by a Fund. Any such transactions are subject to any restrictions in the Governing Documents and any policies and procedures set forth in the Code (as defined below). The investment policies, fee arrangements, and other circumstances of these investments may vary from those of any Fund. Personnel and related persons of the Advisers have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

In addition, as described above, Gryphon Advisors will receive compensation or will be reimbursed for the compensation paid to certain ORG members who in certain cases are also personnel of Gryphon Advisors or to other third-party consultants (including consultants introduced or arranged by an Adviser

and/or its affiliates that regularly provide services to one or more portfolio companies or prospective portfolio companies), and such compensation does not offset or reduce the Management Fee as described herein, and the use of ORG members is expected to fluctuate and/or expand over time. As personnel of Gryphon Advisors, ORG members make use of Gryphon Advisors' resources. To the extent that ORG members are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of an ORG member's services at a time when fewer portfolio companies or Funds make use of such ORG member. Under many of these arrangements, including where ORG members are paid a flat fee, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by the ORG members. In certain cases, including where a Fund does not own a controlling interest in a portfolio company, the portfolio company, its management, and/or equity holders potentially will not agree to engage and/or bear the costs of the ORG members. In such cases, where the relevant General Partner believes the services of the ORG members will benefit a portfolio company, it is authorized to cause the Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive the benefit of any returns that result from the ORG members' services. Although the use of ORG members and the allocation of compensation paid to them by the Advisers, their affiliates, and/or the portfolio companies subjects the Advisers and/or their affiliates to potential conflicts of interest, the Advisers believe that such potential conflicts have the potential to be reduced if, among other things, the quality of the services of the ORG members makes a greater contribution to the success of the portfolio company. Although the Advisers seek to retain ORG members with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of factors are expected to result in limited or no cost savings from such retention. Gryphon Advisors also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Gryphon Advisors believes will align such persons' interests with those of the Limited Partners, and seeks to retain only ORG members and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

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

industries in which Gryphon Advisors operates (or is contemplating operations) or will provide other services that are beneficial to Gryphon Advisors or one or more other Funds. For example, Gryphon Advisors reserves the right to cause a Fund to make payments to investment banks and/or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund rather than the Fund making the payment. Gryphon Advisors expects to be subject to a potential conflict of interest in making such recommendations, in that Gryphon Advisors has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

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

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

Except to the extent prohibited by the Governing Documents, Gryphon Advisors and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles or accounts the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-"assignment" provisions of the Advisers Act, Gryphon Advisors and its personnel are also permitted to offer, restructure and monetize interests in Gryphon Advisors.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when the Advisers may not otherwise have done so. Since the General Partners are permitted to retain certain Supplemental Fees (as described under “Fees and Compensation”) in connection with Fund investments, they expect to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. Gryphon Advisors believes this conflict is mitigated to an extent by offsetting the Management Fee by a specified percentage of such Supplemental Fees and a General Partner’s interest in the carried interest of a Fund.

The Governing Documents provide the Advisers with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect the Advisers’ compensation. In making such determinations, the Advisers are subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for the Advisers or their affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund’s Management Fee and carried interest compensation arrangements. The Advisers expect to be incentivized to cause a Fund to make, hold, value, and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the Management Fee is calculated taking into account the valuation of an investment, the Advisers will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends, or similar transactions, or in circumstances where one or more other Fund(s) divest their respective investment(s) (including credit investments) in a portfolio company, the Advisers are incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Governing Documents.

The Advisers’ wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner’s determination that an investment is an Impaired Value Investment, and except as set forth in the Governing Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund’s holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of the Advisers’ compensation is dependent in part on an investment’s status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although the Advisers intend to operate in accordance with the Governing Documents, as well as its valuation policy, in order to mitigate

the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

Since Gryphon Advisors is permitted to retain certain Supplemental Fees (as described under “Fees and Compensation”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Supplemental Fees are based on enterprise value or other metrics relating to a portfolio company, but also have the potential to be charged a flat-fee basis or based on another metric, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company. Additionally, Gryphon Advisors, its personnel, affiliates or others designated by Gryphon Advisors expect to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied (typically based on the then-present value of such securities), Gryphon Advisors and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Gryphon Advisors) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund’s relative ownership of the portfolio company awarding such compensation.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Gryphon Advisors reserves the right to accrue, defer or forego payments of Supplemental Fees. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

The Advisers and/or their affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of the Advisers’ compensation, none of which generally will be subject to the “most-favored nation” provisions of a Fund’s Governing Documents), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on a Fund’s advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic procedural and other terms.

Gryphon Advisors is likely to have its own economic and/or other business incentives to provide certain terms to certain Limited Partners, based on commitment amount to a Fund or the timing thereof, the ability of a Limited Partner to provide sourcing or other services to Gryphon Advisors, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Gryphon Advisors, its affiliates and personnel, or the Funds. Further, Side Letter arrangements also are expected to relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. Except in the circumstances and on the timing required by the Governing Documents and/or applicable law, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Gryphon Advisors, the relevant General Partner, or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letter. Side Letters subject Gryphon Advisors to potential conflicts of interest, including in circumstances where an investor’s right to serve on a Fund’s advisory committee results in the investor receiving additional information

relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant Limited Partner at the expense of the relevant Fund or of Limited Partners as a whole, including in the event that a Side Letter confers additional reporting, information rights, and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more Limited Partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a Limited Partner defaults on a drawdown in respect of an investment. Although Gryphon Advisors believes it to be unlikely, excuse or other rights requested or received by one or more Limited Partners (or such regulatory, tax or other factors applicable to such Limited Partners) representing a substantial percentage of a Fund have the potential to create significant variations in Limited Partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by a General Partner on behalf of the relevant Fund as a whole. A Limited Partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more Limited Partners' voting rights generally will increase the voting rights percentage of other Limited Partners in the relevant Fund. Further, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

Gryphon Advisors has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Gryphon Advisors has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. Gryphon Advisors and its affiliates and personnel expect to receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than Gryphon Advisors and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, Gryphon Advisors believes that the potential for conflicts of interest relating to such discounts is mitigated. Gryphon Advisors and its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Discounted prices or better terms offered by a portfolio company to Gryphon Advisors, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

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

Any of these situations subjects Gryphon Advisors and/or its affiliates to potential conflicts of interest. Gryphon Advisors attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Gryphon Advisors' advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds, and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, the Advisers will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Advisers consult and receive consent to conflicts from an advisory committee consisting of Limited Partners of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

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

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described under "Advisory Business" above, Gryphon Advisors is affiliated with the General Partners and equivalent entities formed and subject to the Advisers Act pursuant to Gryphon Advisors' registration in accordance with SEC guidance. These entities operate as a single advisory business together with Gryphon Advisors and serve as general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, personnel, consultants, or persons occupying similar positions.

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

The Advisers have adopted the Gryphon Code of Ethics and Securities Trading Policy (the "Code"), which sets forth standards of conduct that are expected of Gryphon principals and personnel and addresses conflicts that arise from personal trading. The Code requires certain Gryphon personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of an initial public offering or a limited offering; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material, non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to John J. Jacobs, the Gryphon Chief Compliance Officer, at (415) 217-7448. Personal securities transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

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

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

Principals and personnel of the Advisers and their affiliates generally are expected to directly or indirectly own an interest in the Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as the Funds. Co-invest opportunities generally are also expected to be presented to certain affiliates of Gryphon Advisors, as well as third-party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies, and Risk of Loss."

Additionally, a Fund is permitted to invest together with other Funds advised by an Adviser or its affiliate in the manner set forth in the Governing Documents. The Advisers will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with their fiduciary obligations, the underlying documents for the relevant Fund, and the Gryphon investment allocation policy.

Gryphon Advisors and its affiliates, principals, and personnel expect to carry on investment activities for their own account, for personal or employee investment vehicles, and, potentially, for family members, friends, or others who do not invest in the Funds, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

BROKERAGE PRACTICES

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

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

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

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

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Gryphon generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these brokers would be used to service all of the Advisers' private investment vehicles. However, each and every research service may not be used for the benefit of each and every Fund managed by Gryphon, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Gryphon allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution.

Gryphon does not anticipate engaging in significant public securities transactions; however, to the extent that Gryphon engages in any such transactions, orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, Gryphon also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. Gryphon is permitted, but not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of Gryphon is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

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

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

REVIEW OF ACCOUNTS

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

Gryphon generally will provide to its Limited Partners (i) audited financial statements annually commencing with the first year in which a Fund makes an investment; (ii) unaudited summary financial information for the first three quarters of each fiscal year; (iii) annual tax information necessary for each partner's tax returns; (iv) descriptive investment information for each portfolio company semi-annually; and (v) valuations of each portfolio company quarterly.

CLIENT REFERRALS AND OTHER COMPENSATION

Gryphon and/or its affiliates intend to provide certain business or consulting services to companies in the Funds' portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation, in many cases, will offset a portion of the Management Fees paid by the Funds. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees (or reimbursements) will be in addition to Management Fees. In addition, Gryphon receives compensation in connection with services provided by members of the ORG to portfolio companies or prospective portfolio companies in which one or more Funds invest or are considering an investment, and such compensation will not offset the applicable Management Fee. Additionally, the Advisers are permitted to recover certain losses incurred in the operation of the ORG, as specified in the relevant Governing Documents. See "Fees and Compensation."

Gryphon reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Limited Partner in a Fund. Any fees payable to any such placement agents generally will be borne by Gryphon Advisors indirectly through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s). These arrangements generally are disclosed in the relevant Fund's Form D.

CUSTODY

Gryphon generally expects that it will be deemed to have "custody" (within the meaning of Advisers Act Rule 206(4)-2 (the "Custody Rule")) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodian:

- JP Morgan Private Bank, 560 Mission Street, San Francisco, California 94105

INVESTMENT DISCRETION

Gryphon has discretionary authority to manage investments on behalf of the Funds. As a general policy, Gryphon does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Gryphon have entered, and expect to enter, into Side Letter arrangements with certain Limited Partners whereby the terms applicable to such Limited Partner's investment in the Funds are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory, or other similar reasons. Gryphon assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the Limited Partners of the Funds.

VOTING CLIENT SECURITIES

Gryphon has adopted the Gryphon Proxy Voting Policies and Procedures (the "Proxy Policy") to address how it will vote proxies, as applicable, for the Funds' portfolio investments. The Proxy Policy seeks to ensure that Gryphon votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Gryphon generally believes its interests are aligned with those of the Funds' investors, for example, through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Gryphon may address the conflict using several alternatives, including by seeking the approval or concurrence of the

Funds' advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Funds' advisory board is authorized to approve Gryphon's vote in a particular solicitation. Gryphon does not consider service on portfolio company boards by Gryphon personnel or Gryphon's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Gryphon when voting proxies on behalf of the Funds. Clients or investors that would like a copy of the Gryphon's complete Proxy Policy or information regarding how Gryphon voted proxies for particular portfolio companies may contact John J. Jacobs, the Gryphon Chief Compliance Officer, at (415) 217-7448, and it will be provided at no charge.

FINANCIAL INFORMATION

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