

CARLYLE

ITEM 1. COVER PAGE

Carlyle Global Credit Investment Management L.L.C.

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March 28, 2024

This Brochure provides information about the qualifications and business practices of Carlyle Global Credit Investment Management L.L.C. (“CGCIM” or the “Adviser”). If you have any questions about the content of this Brochure, please contact Catherine Ziobro at (202) 729-5626. 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 securities authority.

Additional information about CGCIM also is available on the SEC’s website at www.adviserinfo.sec.gov (click on the link “Investment Adviser Search” and then select “Firm” and type in our advisory firm name “Carlyle Global Credit Investment Management”).

CGCIM is an investment adviser registered with the SEC (a “registered investment adviser”). This registration does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

This Brochure is intended to provide potential and existing clients with an overview of CGCIM. It also contains important disclosures regarding items such as certain practices of CGCIM, potential material conflicts that may arise and key potential investment risks. While these may not be material, in certain sections, including conflicts of interest, investment risks (including political conflict, public health and current market conditions risk factors) and fees and expenses, additional clarification and detail has been provided as part of our annual updates. We encourage all recipients to read this Brochure carefully in its entirety.

The following is a discussion of the material changes to CGCIM's Brochure since the update filed March 30, 2023.

Effective April 30, 2023, Peter J. Clare, Chief Investment Officer of Corporate Private Equity, Chairman of the Americas and Chair of the US Buyout and Growth Investment committees, retired from Carlyle. Mr. Clare ceased serving as an executive officer and stepped down from his role as a member of the Public Company Board of Directors effective February 27, 2023.

On June 20, 2023, Carlyle announced that John Redett would become Carlyle's Chief Financial Officer and Head of Corporate Strategy, effective October 1, 2023. Redett succeeds Curtis Buser, Chief Financial Officer at Carlyle since 2014, who retired from the firm December 31, 2023. Mr. Buser stepped down as Chief Financial Officer effective September 30, 2023, and became a Senior Advisor to assist with the transition until his retirement at the end of 2023.

On January 18, 2024, Carlyle announced that Bruce M. Larson, Chief Human Resources Officer, will retire from Carlyle in the second half of 2024. Mr. Larson ceased serving as Chief Human Resources Officer and is no longer deemed an executive officer of The Carlyle Group, Inc. ("the Public Company") effective January 19, 2024. Mr. Larson remains a Senior Advisor to assist with the transition of his responsibilities until his retirement. Following Mr. Larson's retirement, Carlyle appointed Jennifer Barker as Chief Human Resources Officer.

On July 18, 2023, Carlyle announced that Lúcia Soares would become the Carlyle's Chief Information Officer and Head of Technology Transformation, effective immediately. In this role, Ms. Soares is responsible for driving Carlyle's global technology strategy and leading the firmwide Global Technology Solutions organization.

On October 2, 2023, Carlyle announced that Jeff Nedelman would join Carlyle as Global Head of Distribution, effective October 16, 2023. In this role, Mr. Nedelman leads Carlyle's global investor relations team and will oversee global distribution across Carlyle's three business segments, with a focus on both the institutional and private wealth channels.

On March 1, 2024, Carlyle announced that Aren LeeKong, Head of Direct Lending and CEO of the Carlyle BDCs (as defined below), resigned from Carlyle to pursue new opportunities professionally. As part of this transition, Justin Plouffe, Deputy Chief Investment Officer for Global Credit, will assume Mr. LeeKong's responsibilities across Direct Lending and the BDCs.

On March 27, 2024, Carlyle announced that Lindsay LoBue will become Carlyle's Chief Operating Officer, effective July 1, 2024. Chris Finn, Carlyle's current Chief Operating Officer, will retire as Chief Operating Officer effective June 30, 2024, and will become a Senior Advisor to Carlyle thereafter.

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ITEM 4. ADVISORY BUSINESS

The Carlyle Group

Carlyle, founded in 1987, is a global investment firm offering specialized investment funds and other investment vehicles that invest private capital across a range of industries, geographies, asset classes and investment strategies. Carlyle operates its business, through CGCIM, Carlyle Investment Management L.L.C. (“CIM”) and several other Carlyle-affiliated investment advisers, across three segments: (i) Global Private Equity, (ii) Global Credit (which includes CGCIM), and (iii) Global Investment Solutions.

Various entities affiliated with the Public Company (Nasdaq: CG), an affiliate of CGCIM, directly and indirectly own and control CGCIM. On January 1, 2020, The Carlyle Group, L.P. completed its conversion (together with related restructuring steps and transactions, the “Conversion”) from a Delaware limited partnership to a Delaware corporation named The Carlyle Group, Inc. Pursuant to the Conversion, each common unit of The Carlyle Group, L.P. converted into one share of common stock of the Public Company (“Common Stock”) and each special voting unit and general partner unit was canceled for no consideration. In addition, holders of the partnership units in Carlyle Holdings I L.P., Carlyle Holdings II L.P., and Carlyle Holdings III L.P. (collectively, “Carlyle Holdings”) exchanged such units for an equivalent number of shares of Common Stock and certain other internal restructuring steps occurred. In connection with the Conversion, senior Carlyle professionals and certain of the other former limited partners of Carlyle Holdings who became holders of shares of Common Stock in connection with the Conversion were generally required to grant an irrevocable proxy to Carlyle Group Management L.L.C., which is wholly owned by Carlyle’s founders and other senior Carlyle professionals. This proxy entitles Carlyle Group Management L.L.C. to vote such shares of Common Stock until the earlier of (i) such time as Carlyle Group Management L.L.C. ceases to have voting power over shares of Common Stock representing at least 20% of the total voting power of all the then outstanding shares of capital stock of the Public Company entitled to vote in the election of directors and (ii) January 1, 2025. As of December 31, 2023, Carlyle Group Management L.L.C. held voting power for approximately 41% of Common Stock. CGCIM does not hold any economic interest in the Public Company, although certain of its officers and supervised persons hold Common Stock. From and after the consummation of the Conversion, the Public Company holds directly and indirectly all of the outstanding equity interests in Carlyle Holdings, whose subsidiaries operate and control all of the business and affairs of Carlyle and its affiliates.

A group of senior management professionals establishes the management structures and policies and procedures for the operation and development of the firm, guided by the strategic direction set by the Board of Directors of the Public Company. Harvey M. Schwartz, Chief Executive Officer, John Redett, Chief Financial Officer, Jeffrey W. Ferguson, General Counsel, and Christopher Finn, Chief Operating Officer comprise this group of executives.

Additional information about the Public Company is available in its current public filings with the SEC. Unless specifically stated otherwise, references in this Brochure to CGCIM do not include Carlyle, the Public Company or any of Carlyle’s other affiliated entities.

Carlyle Global Credit Investment Management L.L.C.

CGCIM is a Delaware limited liability company that is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). CGCIM was formed in 2012 and commenced operations in 2013.

CGCIM is wholly owned and controlled by CIM, an affiliated advisory entity that is separately registered with the SEC as an investment adviser and provides investment advisory services to various investment vehicles and managed accounts sponsored by Carlyle.

CGCIM currently provides investment advisory services with respect to certain products within Global Credit, including direct lending, opportunistic credit, special situations, infrastructure credit, platform initiatives, structured solutions and other structured credit investment vehicles (each an “Advisory Client”¹), as discussed below. The Global Credit team includes investment professionals located in the United States, Europe, and Asia.

Through a series of delegation agreements, CGCIM provides portfolio management services with respect to certain private investment funds that are managed by CIM Europe S.à r.l. (the “CGCIM AIFM”), an affiliated alternative investment fund manager licensed with the Luxembourg Commission de Surveillance du Secteur Financier (the “CSSF”) under the AIFMD (as defined below).

Additional information about the Public Company is available in its current public filings with the SEC. Unless specifically stated otherwise, references in this Brochure to CGCIM do not include Carlyle, CIM, CSL III Advisor LLC (“CSL III Advisor”), Carlyle Aviation Securities Partners LLC (“CASP”), Carlyle Aviation PDP Management LLC (“CAPDP”), AlpInvest Partners B.V., its affiliated sub-advisers, AlpInvest US Holdings LLC and AlpInvest Private Equity Investment Management, L.L.C. (“AlpInvest PEIM”, collectively, “AlpInvest”), the Public Company or any of Carlyle’s other affiliated entities.

DESCRIPTION OF ADVISORY SERVICES WITHIN GLOBAL CREDIT

Global Credit, established in 1999 with Carlyle’s first high yield fund, advises a group of advisory clients that pursue investment strategies including liquid credit, private credit, real assets credit, platform initiatives and structured solutions. CGCIM is one of a group of affiliated investment advisers that provide advisory services to Global Credit advisory clients. Primary areas of focus for the Global Credit platform include:

Liquid Credit

- *Loans and Structured Credit:* Carlyle’s U.S. structured credit investment team focuses on investments primarily in performing senior secured bank loans through structured credit vehicles

¹ “Advisory Client” means any fund, pooled investment vehicle or account for which CGCIM directly or indirectly provides investment advice and/or places trades on a discretionary or nondiscretionary basis. The investors and other persons who invest in Advisory Clients are generally referred to as “investors.” Unless otherwise expressly stated herein, the term “Advisory Clients” does not include “investors”, and the term “investors” does not reference stockholders or debtholders, as applicable, of the Public Company.

(i.e., CLOs) and certain other investment vehicles advised by CGCIM, including the Carlyle Revolving Loan Fund.

Global Credit's U.S. CLO advisory clients are managed by CIM and its relying advisors, Carlyle CLO Management L.L.C. ("Carlyle CLO"), CBAM CLO Management, L.L.C. ("CBAM CLO") and Carlyle CLO Management Europe, L.L.C. ("Carlyle CLO Europe", formerly known as CBAM CLO Management Europe, L.L.C.).

Global Credit's European structured credit CLO advisory clients are independently advised by CELF Advisors LLP ("CELF"), an affiliated investment adviser authorized and regulated by the United Kingdom Financial Conduct Authority (the "FCA"). CELF is an "Exempt Reporting Adviser" under the exemption from the SEC's investment adviser registration requirements set forth in Rule 203(m)-1 under the Advisers Act. Global Credit's European platform also includes CIC Advisors LLP, a foreign private adviser and an appointed representative of CECP Advisors LLP (registered with the FCA). The U.S. and European structured credit investment teams focus on investments primarily in performing senior secured bank loans through structured vehicles and other investment vehicles.

CGCIM is investment adviser to Carlyle Credit Income Fund ("CCIF"), a closed-end registered investment company listed on NYSE and is a sub-adviser to Carlyle AlpInvest Private Markets Fund ("CAPM"), a continuously offered, unlisted closed-end registered investment company.

Private Credit

- *Direct Lending:* This strategy includes (i) three non-diversified closed-end investment companies, Carlyle Secured Lending, Inc. ("CSL", formerly known as TCG BDC, Inc.), Carlyle Credit Solutions, Inc. ("CARS", formerly known as TCG BDC II, Inc.) and Carlyle Secured Lending III ("CSL III", and together with CSL and CARS, the "BDCs")². Each of the BDCs has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act") (CSL closed its initial public offering on June 19, 2017, and shares of its common stock started trading on the Nasdaq Global Select Market under the ticker symbol "CGBD"); (ii) Carlyle Direct Lending CLO 2015-1R LLC ("CDL CLO"), and certain other private investment vehicles that are collateralized loan obligation ("CLO") funds, to which CGCIM serves as the collateral manager; (iii) Middle Market Credit Fund LLC ("MMCF"), a strategic joint venture between CSL and a large Canadian pension fund, and Middle Market Credit Fund II LLC ("MMCF II"), a strategic joint venture between CSL and a large asset manager (CSL, such pension fund, and such large asset manager are each an "MMCF Member" and collectively, the "MMCF Members") where CGCIM provides investment advisory services on a non-discretionary basis, and (iv) certain other private investment vehicles including several open-ended evergreen funds. Direct Lending invests primarily in directly originated senior secured debt instruments, including first-lien loans and second-lien loans, of U.S. middle-market companies, defined as companies with approximately \$25 million to \$100 million of earnings before interest, taxes, depreciation and amortization ("EBITDA").

² CSL III Advisor is a wholly-owned subsidiary of CGCIM, registered with the SEC and the investment adviser to CSL III.

- *Opportunistic Credit:* Carlyle’s opportunistic credit team invests primarily in highly-structured and privately-negotiated capital solutions supporting corporate and other borrowers through secured loans, senior subordinated debt, mezzanine debt, convertible notes, and other debt-like instruments, as well as preferred and common equity in such borrowers. The opportunistic credit team also considers investing in special situations and market dislocations, including primary and secondary market investments. In certain investments, these funds may seek to restructure pre-reorganization debt claims into controlling positions in the equity of reorganized companies. CGCIM is the investment adviser to the opportunistic credit funds and certain legacy distressed credit funds.

Real Assets Credit

- *Aircraft Finance:* Carlyle Aviation Partners is a multi-strategy investment platform that is engaged in commercial aviation aircraft financing and investment and providing investment management services related to the commercial aviation industry. Carlyle Aviation Partners includes CASP and CAPDP, investment advisers registered with the SEC.
- *Infrastructure Credit:* Carlyle’s infrastructure credit team invests primarily in directly originated and privately negotiated debt instruments related to global infrastructure projects, focused on energy transition, renewables and digital infrastructure, with additional exposure to transportation and logistics, social infrastructure, low-carbon power, water and waste treatment and other energy sectors. The team focuses primarily on senior, subordinated, and mezzanine debt and seeks to invest primarily in developed markets within the Organization for Economic Cooperation and Development. CGCIM is the investment adviser to the infrastructure credit funds.

Platform Initiatives

- *Cross-Platform Credit Products:* Carlyle’s platform initiatives include Carlyle Tactical Private Credit Fund (“CTAC”), a Delaware statutory trust that is registered under the 1940 Act, as a non-diversified, closed-end management investment company. CTAC is operated as an “interval fund” pursuant to Rule 23c-3 under the 1940 Act, and generally offers retail investors access to certain credit strategies, including direct lending, liquid credit and opportunistic credit; and cross-platform separately managed accounts which are tailored to invest across Carlyle’s credit platform based on the specific investment needs of individual investors. These products also include structured solutions which focus on private, primarily investment-grade investments, backed by assets with contractual cash flows. CGCIM is the investment adviser to CTAC and other platform initiative Advisory Clients.
- *Credit Strategic Solutions:* Credit Strategic Solutions (“CSS”) is an asset-backed, private fixed income investment strategy within Global Credit that seeks to generate a premium return profile compared to traditional fixed income and credit investments by acquiring and lending against diversified pools of assets with contractual cash flows. CSS combines Carlyle’s long-standing history in structured credit, private asset underwriting expertise, and capital markets capabilities, to deliver tailored asset-focused financing solutions across the entire debt and equity capital structure.

Other Credit

- *Global Capital Markets:* Global Capital Markets (“GCM”) is a loan syndication and capital markets business that Carlyle launched in 2018. The primary focus of GCM is to arrange, place, underwrite, originate and syndicate loans and underwrite securities of third parties and Carlyle portfolio companies including underwriting private offerings and participating in the underwriting syndicate for public offerings, through TCG Capital Markets L.L.C. (“TCG Capital Markets”), and TCG Senior Funding, L.L.C. (an advisory client of CGCIM, established to underwrite, originate and syndicate loans). GCM may also act as the initial purchaser of such loans and securities. TCG Capital Markets is registered with the SEC (and in 50 states and the District of Columbia) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (“FINRA”). In addition to the activities described above, TCG Capital Markets engages in U.S.-based marketing and fundraising for Global Private Equity, Global Credit, and Global Investment Solutions. Please see Items 5, 8 and 10 for additional information regarding GCM.
- *Insurance Solutions:* Carlyle Insurance Solutions (“CIS”) provides comprehensive liability funding and reinsurance, asset management and advisory solutions for (re)insurance companies and fund investors. The CIS team oversees the investment held by Carlyle and an advisory client in Fortitude Re (defined and discussed in more detail in Item 8) and the strategic advisory services agreement with certain subsidiaries of Fortitude Re. CIS also includes Carlyle Insurance Solutions Management LLC (“CISM”), a relying advisor of CIM. CIM (including its relying adviser, CISM) and CGCIM are the investment advisors to the CIS advisory clients.

TAILORED ADVISORY SERVICES

In providing its services to each Advisory Client, CGCIM provides advice with respect to the investment and reinvestment of each Advisory Client’s assets, and may assist in coordinating reports to investors. CGCIM provides tailored investment advisory services to its Advisory Clients in accordance with each Advisory Client’s investment objectives, strategies, restrictions and guidelines, including, where applicable, restrictions under the 1940 Act and the U.S. Internal Revenue Code of 1986, as amended (the “IRS Code”).

Interests in Advisory Clients, other than CSL, CCIF, CAPM and CTAC, are privately offered only to eligible investors pursuant to exemptions available under the Securities Act of 1933, as amended (the “Securities Act”), and the regulations promulgated thereunder and, if applicable, pursuant to exemptions from registration under the 1940 Act. Typically, interests in such investment vehicles are offered to institutional investors, high net worth individuals as well as non-U.S. investors investing in a non-U.S. investment vehicle. Interests in MMCF and MMCF II are offered only to the MMCF Members.

ADVISORY CLIENT ASSETS MANAGED

As of December 31, 2023, the regulatory assets under the management of CGCIM amounted to approximately \$45.5 billion on a discretionary basis and \$1.3 billion on a non-discretionary basis for a total of \$46.8 billion.

ITEM 5. FEES AND COMPENSATION

CGCIM or its affiliates³ generally receive management fees, incentive fees, carried interest or similar profit allocations from Advisory Clients. Advisory Clients, excluding the BDCs, CCIF, CAPM and CTAC, frequently also indirectly incur or generate other fees payable to CGCIM or its affiliates, depending on the nature of their portfolio activities. CGCIM or its affiliates, for example, earn fees and other compensation from prospective and actual portfolio companies, purchasers, sellers and other parties as compensation for services (collectively, “Service Fees”). These Service Fees can include project, structuring, topping, termination, break-up, directors’, organizational, set-up, investment banking, underwriting, syndication, closing, commitment, advisory, consulting, amendment, servicing, and other similar fees in connection with the purchase, monitoring, or disposition of underlying investments (including warrants, options, derivatives and other rights in respect of securities) or from unconsummated transactions. In general, the specific legal and/or organizational documents of the relevant Advisory Client, the investment management agreement between CGCIM (or an affiliate) and such Advisory Client or the agreements in respect of the portfolio investments describe the basic fee structure relevant to the investors in such Advisory Client. To the extent provided in such organizational documents or investment management agreement, CGCIM’s management fees from Advisory Clients generally are reduced (offset) by a specified portion of the Service Fees that arise out of such Advisory Client’s investment activities. The Service Fees can be and often are substantial, and if not fully offset pursuant to organizational documents will be indirectly borne by investors.

Certain fees are excluded from the definition of “Service Fees” and not subject to a management fee offset. For certain Advisory Clients, capital markets fees earned by GCM (which includes a broker-dealer affiliate of CGCIM that is a U.S.-registered broker-dealer and other affiliates providing similar services with respect to loans) for conducting a financial services, loan origination, structuring, placement or other similar business, including, for example, as a broker, dealer, distributor, syndicator, arranger, servicer or originator of securities or loans, are not considered “Service Fees” subject to any management fee offset. As described in more detail below, these capital markets fees include offering, placement, financing, syndication, turnaround, workout, underwriting, investment banking, capital structure advisory, solicitation, structuring, loan agent, loan servicing, rating advisory or similar fees in connection with the activities of an Advisory Client and its portfolio companies, including with respect to an initial public offering or private placement, the arranging or provision of credit facilities (including any related extensions or refinancing) for an Advisory Client or one of its portfolio companies and other vehicles managed or controlled by Carlyle, the distribution or placement of loans or equity securities of an Advisory Client portfolio company or otherwise arranging or providing financing for such portfolio company alone or with other lenders, which could include other vehicles managed or controlled by Carlyle (any such fees, “GCM Fees”). GCM may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities and/or loans and debt instruments of portfolio companies and other non-controlled entities in or through which certain Advisory Clients invest, including in respect of securities or other instruments of such portfolio companies in which Advisory Clients have not invested. GCM also manages or otherwise participates in underwriting

³ For the purposes of this Brochure, references to “CGCIM or its affiliates” or “CGCIM and its affiliates” do not include references to Carlyle-affiliated advisers, such as CIM, Carlyle CLO, CELF, CASP, CAPDP, CSL III Advisor, AlpInvest, unaffiliated advisers, such as Atlas NV, NGP Energy Capital Management, LLC (“NGP”) and Riverstone, or any Carlyle portfolio companies, including portfolio companies that are investment advisers registered with the SEC (e.g., Content Partners LLC, or the separately registered investment advisers affiliated with TCW Group, Inc.).

syndicates and/or selling groups with respect to securities and/or loans and other instruments held directly or indirectly by certain co-investment vehicles. Further, GCM will be involved in the public offering or private placement of such securities and/or loans and other instruments, and/or sometimes provide capital markets advisory services to portfolio companies and other non-controlled entities in or through which Advisory Clients invest, including in connection with mergers, acquisitions, and restructurings; and will alone, or with other counterparties, provide acquisition financing, lines of credit and other corporate lending or financing products and services to such entities in addition to financing provided through an Advisory Client's investment. In addition, certain of Carlyle's investment advisory professionals will be involved in such activities of GCM, and their activities are expected to give rise to GCM Fees that are not subject to any management fee offset, even though such persons are involved in investment-related activities on behalf of one or more Advisory Clients. In addition, fees attributable to co-investors or internal or external co-investment vehicles and fees eligible to be treated as expenses of an Advisory Client are expected to also be excluded from "Service Fees" and not subject to a management fee offset.

Other than transactions expressly permitted by the governing agreements of the relevant Advisory Client, any fees paid to CGCIM or its affiliates by a portfolio company or an Advisory Client are generally assessed on an arm's-length basis on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party, are generally no less favorable than market terms, or such fees may be subject to approval by the relevant members of a committee of third-party investors with Carlyle (an "Investor Advisory Committee"). Among the measures CGCIM uses to mitigate such conflict is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Moreover, Carlyle and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Advisory Clients that will not be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Advisory Client expenses typically result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Carlyle and/or such personnel (and not the Advisory Clients, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Advisory Clients, investors and/or portfolio companies.

On occasion, Carlyle employees have been and are expected in the future to be asked to serve on the boards of directors of companies in which an Advisory Client has fully exited its ownership interest. Such companies are not portfolio companies and therefore, to the extent the Carlyle employee is offered standard board compensation for his or her services post-exit, such standard board compensation is not considered a Service Fee subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

On occasion, former Carlyle employees have been, and are expected in the future to be, asked to serve on the boards of directors of companies in which an Advisory Client continues to have an ownership interest. To the extent the former Carlyle employee is offered standard board compensation for his or her services, depending on the facts and circumstances, including the duration of the separation from Carlyle, such standard board compensation is not expected to be considered a Service Fee subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

Additionally, on occasion, a current portfolio company has in the past and may be expected to in the future hire a former Carlyle employee. To the extent the former Carlyle employee continues to vest in compensation from Carlyle, such compensation is not expected to be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies. In addition, compensation for the role at the portfolio company is not expected to be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

On occasion, Carlyle has in the past and may be expected to in the future hire a former employee of a company in which an Advisory Client has or had an ownership interest. To the extent the former portfolio company employee continues to vest in compensation from or related to the portfolio company, such compensation is not expected to be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

Any fees that accrue to the benefit of former Carlyle employees or other persons who are or become unaffiliated with Carlyle, or any fees that accrue to the benefit of a Carlyle employee prior to their association with Carlyle (even if any fee received in kind is realized or otherwise converted to cash during their tenure with Carlyle), will not benefit the Advisory Clients or their investors.

Advisory Clients also typically bear certain out-of-pocket expenses incurred by CGCIM or its affiliates in connection with the services provided to such Advisory Clients. The following sections discuss the most common fees and expenses in more detail.

Common Types of Fees

Management Fees and Administration Fees

CGCIM provides advisory services to pooled investment vehicles, separately managed accounts, three BDCs, CCIF, and CTAC, sub-advisory services to CAPM, and is the collateral manager to the direct lending CLOs.

For most Advisory Clients that are pooled investment funds (*e.g.*, closed-end carry funds), management fees generally range from 1.0% to 2.0% of third-party investors' invested capital. In addition, the annual management fee may be increased for certain investors by a servicing fee (generally 0.1% for investors with aggregate capital commitments that are less than or equal to the minimum set forth in an Advisory Client's governing documents), which fee can be waived in the general partner's discretion. Following the expiration or termination of the commitment period, management fees generally are based on the lower of cost or fair value of invested capital and the rate charged may also be reduced; however, to the extent such reduction in fee is triggered during a management fee period of the applicable Advisory Client, such reduction may not be effective until the first day of the next management fee period. Also, if the fee base changes during a period for which fees have been called in advance, any excess fees paid generally are not returned to the investor. These terms may vary for separately managed accounts, open-end funds, and longer-dated carry funds and certain other closed-end funds. CGCIM will receive management fees during a specified period of time, which is generally ten years from the initial closing date of an Advisory Client, or, in some instances, from the final closing date of an Advisory Client, but such termination date may be earlier in certain limited circumstances or later (*e.g.*, if extended for successive one-year periods, typically up to a maximum of two years, or until the disposition of the last investment of an Advisory Client). The terms of the Advisory Client's governing documents specify the

frequency of when management fees are called (e.g., quarterly or semi-annually) and whether they are called in advance or in arrears.

For certain separately managed accounts, management fees generally range from 0.3% to 1.0% of contributions for unrealized investments or the current value of the investment. These terms may vary for separately managed accounts and other closed end funds. An Advisory Client's borrowings may also be taken into account for purposes of calculating the management fee, as provided in the Advisory Client's governing documents. For services provided to certain separately managed accounts, the Advisory Client may pay a management fee to CGCIM or one of its affiliates, which fee will be in addition to any fees charged by pooled investment funds in which such managed account makes an investment. In some situations, an Advisory Client pays management fees based on net asset value of the investments held by such Advisory Client.

For CLOs and other structured products, which include Advisory Clients and advisory clients of relying advisers of CIM, management fees generally range from 0.4% to 0.5% based on the total par amount of assets or the aggregate principal amount of the notes in the CLO and are due quarterly or semi-annually. Management fees for the CLOs and other structured products are governed by indentures and collateral management agreements. The investment advisers will receive management fees for the CLOs until redemption of the securities issued by the CLOs.

Management fees are generally paid by or on behalf of an Advisory Client by (i) requiring investors in such Advisory Client to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such Advisory Client. In addition, CGCIM or its affiliates often have the ability to cause an Advisory Client to borrow money for the payment of such fees.

Management fees are negotiable and, depending on the Advisory Client, may be paid in advance or in arrears and are expected to vary for different third-party investors, typically based on commitment size. If management fees with respect to an Advisory Client are assessed in advance, they are generally required to be returned to the investors in such Advisory Client should CGCIM's and its affiliates' management services to the Advisory Client be terminated prior to the end of the period in respect of which the fees have been paid (including, for example, situations where the final distribution by an Advisory Client occurs prior to the end of a period for which management fees have already been paid). In general, the amount of such fees to be returned is calculated based on the number of days remaining in the applicable period. Certain Advisory Clients are also charged a flat annual administration or structuring fee to cover a portion of Carlyle's internal administration costs, which are paid (and rebated if necessary) in a similar fashion as management fees. The amounts of any such fees are set forth in the agreements under which an Advisory Client was established.

Each of CSL, CSL III and CARS pays CGCIM a base management fee for its services under the respective investment advisory agreement. CSL's and CSL III's base management fee is calculated and payable quarterly in arrears at an annual rate of 1.5% of the average value of gross assets at the end of the two most recently completed fiscal quarters; *provided*, however, the base management fee is calculated at an annual rate of 1.0% of the average value of the gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200% and (B) the average value of CSL's or CSL III's net asset value at the end of the two most recently completed calendar quarters. CSL's and CSL III's base management fees for any partial month or quarter are pro-rated. CARS's

management fee is calculated and payable quarterly in arrears at an annual rate of 1.0% of net asset value as of the end of the immediately preceding calendar quarter (as adjusted for capital called, dividends reinvested, distributions paid and issuer share repurchases made during the current calendar quarter).

Under the CDL CLO collateral management agreement, CGCIM is only entitled to receive fees if there are any preferred interests in the CDL CLO issuer not held by CSL or certain other specified Carlyle affiliates (“Carlyle Holders”). As the collateral manager of CDL CLO, CGCIM receives a base management fee, a subordinate management fee and an incentive management fee, in each case in proportion to (i) the aggregate outstanding amount of preferred interests not held by the Carlyle Holders divided by (ii) the aggregate outstanding amount of the preferred interests on each payment date. Therefore, if CSL holds all of the preferred interests in the CDL CLO issuer, CGCIM will not receive any management or incentive fees. In addition, CGCIM’s right to receive the incentive management fee is subject to CDL CLO achieving an annualized internal rate of return, as set forth in the collateral management agreement relating to CDL CLO. The CDL CLO offering circular contains the calculation of the above fees and the limitations that apply. CDL CLO fees charged will be deducted from portfolio assets and will be paid or otherwise allocated to CGCIM in accordance with the terms of the collateral management agreement.

MMCF and MMCF II do not pay any fees to CGCIM.

Pursuant to the investment advisory agreement between CTAC and CGCIM, CGCIM is entitled to a fee consisting of a base management fee and an incentive fee. The base management fee is calculated and payable monthly in arrears at the annual rate of 1.0% of the month-end value of CTAC’s total assets (including any assets attributable to any preferred shares that may be issued or to indebtedness) minus CTAC’s liabilities other than liabilities related to indebtedness (such amount not to exceed, in any case, 1.5% of CTAC’s total assets minus CTAC’s total liabilities).

Pursuant to the investment advisory agreement between CCIF and CGCIM, CGCIM is entitled to a fee consisting of a base management fee and an incentive fee. The base management fee is calculated and payable monthly in arrears at the annual rate of 1.75% of the month-end value of CCIF’s total assets (including any assets attributable to any preferred shares or to indebtedness) minus CCIF’s liabilities other than liabilities relating to indebtedness.

Performance-Based Arrangements⁴

Distributions to investors in most Advisory Clients are subject to some form of carried interest or similar profit allocation (e.g., incentive fees) for the benefit of an affiliate of CGCIM. Generally, these profit allocations represent a share of distributions made by an Advisory Client in excess of the relevant investors’ invested capital, and allocable fees and expenses. Determinations of whether performance-based profit allocations will be applied will be made each time an investment is realized or on an annual (or more or less frequent) basis with respect to certain Advisory Clients.

Performance fees, incentive fees or carried interest profit allocations are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder. Therefore, CGCIM seeks to ensure that any

⁴ See also Item 6 – “Performance-Based Fees and Side-By-Side Management”.

applicable Advisory Client or investors in an Advisory Client that are directly or indirectly assessed performance fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks.

For any Advisory Client, performance fees, incentive fees or carried interest allocations generally do not exceed 20% of profits, and may be subject to certain preferred return hurdles, catch-up allocations and high-water marks. In the case of open-ended fund Advisory Clients, the incentive allocation is generally calculated on a basis that includes unrealized appreciation of the Advisory Client's assets. The manner of calculation and application of performance fees, incentive fees or carried interest profit allocations are disclosed in the offering documents for, and detailed in the governing agreements of, each Advisory Client.

Management fees, incentive fees and carried interest or similar profit allocations are subject to modification, waiver or reduction in connection with an investment in one or multiple Advisory Clients. Furthermore, Carlyle, its affiliates and equity owners, and certain of their respective professionals typically invest in or alongside Advisory Clients. Other qualified individuals who generally are not employees of Carlyle, but who have or had business relationships with Carlyle or industry expertise in the sector in which a particular Advisory Client may be investing (including, without limitation, operating executives, senior advisors, operating advisors, consultants, former employees, and other similar professionals), also invest in or alongside Advisory Clients. Fees assessed or profit allocations on such investments will likely be substantially reduced or, as is more typical, waived altogether for these investors.

Each of CSL, CSL III and CARS pays an incentive fee to CGCIM under its investment advisory agreement. CSL's and CSL III's incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 17.5% of CSL's or CSL III's pre-incentive fee net investment income for the immediately preceding calendar quarter, subject to a 6% preferred return hurdle, and a "catch-up" feature. The second part is calculated and payable in arrears as of the end of each calendar year in an amount equal to 17.5% of CSL's or CSL III's realized capital gains, if any, on a cumulative basis from inception through the end of such calendar year, computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation less the aggregate amount of any previously paid capital gain incentive fees. CARS's incentive fee also consists of two parts. The first part is calculated and payable quarterly in arrears and equals 12.5% of CARS's pre-incentive fee net investment income for the immediately preceding calendar quarter, subject to a 5% preferred return hurdle, and a "catch-up" feature. The second part is determined and payable in arrears as of the end of each calendar year in an amount equal to 12.5% of CARS's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation less the aggregate amount of any previously paid capital gain incentive fees, provided that no incentive fee on capital gains is payable to CGCIM unless cumulative total return exceeds a 7% annual return on weighted average cumulative capital called less cumulative distributions categorized as returned capital. BDC fees charged are deducted from portfolio assets and are paid or otherwise allocated to CGCIM in accordance with the terms of the relevant investment advisory agreement.

CTAC pays an incentive fee to CGCIM under its investment advisory agreement. The incentive fee is calculated and payable quarterly in arrears and is equal to 17.5% of the CTAC's "pre-incentive fee net investment income" for the immediately preceding quarter, and is subject to a hurdle rate, expressed as

a rate of return on the fund's net assets equal to 1.5% per quarter (or an annualized hurdle rate of 6.0%), subject to a "catch-up" feature.

CCIF pays an incentive fee to CGCIM under its investment advisory agreement. The incentive fee is calculated and payable quarterly in arrears based upon CCIF's pre-incentive fee net investment income for the immediately preceding quarter, and is subject to a hurdle rate, expressed as a rate of return on CCIF's net assets, equal to 2.0% per quarter (or an annualized hurdle rate of 8.0%), subject to a "catch-up" feature.

Other Fees

To the extent CGCIM or an affiliate thereof is entitled to receive certain fees from portfolio companies of an Advisory Client, a portion of such Advisory Client's share of such fees paid to CGCIM or such affiliate (*e.g.*, in general, 100% in the case of Carlyle's recently-formed Advisory Clients and 65-80% in older Advisory Clients) typically reduces the management fees otherwise payable to CGCIM. The governing agreement (or investment management agreement in the case of a separately managed account) of each Advisory Client sets forth the basis on which such fees reduce management fees, if at all. Certain of these fees are described below.

Acquisition and disposition fees are one-time fees paid to CGCIM or one of its affiliates in connection with an investment or disposition by an Advisory Client. Such fees are generally paid by portfolio companies, but in limited circumstances are paid directly by an Advisory Client. Such fees are common to some, but not all Advisory Clients.

With regards to certain portfolio companies, including Global Credit portfolio companies, CGCIM or its affiliates may receive a fee in connection with the structuring, acquisition, monitoring or disposition of an investment of an Advisory Client. As a matter of practice, CGCIM or its affiliates (which includes GCM) typically receive fees relating to the structuring and administration of co-investment arrangements. The receipt of such fees will not be subject to management fee offset for an Advisory Client that has also invested in such investment, and, as a result, an Advisory Client will, in most cases, only benefit with respect to the relevant allocable portion on a fully diluted basis of any such fee and not the portion of any fee, which has the potential to be significant, related to (i) the general partner of an Advisory Client or affiliated partner commitments; or (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by CGCIM, 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). Often such fees are considered Service Fees, and Service Fees are expected to be subject to the management fee offset, in each case, depending on the terms of the governing agreement for the Advisory Client. As noted above, certain types of fees, such as GCM Fees, may not be subject to management fee offset depending on the terms of the governing agreement for the Advisory Client. Additionally, CGCIM and its affiliates, such as GCM, have and could also receive fees in respect of administrative services provided to loan syndicates lending to the Advisory Client portfolio companies.

In the case of fees related to monitoring, these may be payable as fixed dollar amounts or may be calculated as a percentage of EBITDA (or other similar metric). The terms of a monitoring agreement may in certain instances provide for an acceleration of fees paid to CGCIM or its affiliates upon termination following certain milestones, such as an initial public offering or sale, and where the lump-

sum termination fee may be calculated as the present value of hypothetical foregone future payments (which in some cases may extend past the term of the fund and may be based on an assumed growth in EBITDA or other metric used to calculate the fee) and be calculated using a discount rate as low as the risk-free rate, as determined by CGCIM. Alternatively, such fees may continue after a public offering or sale while Carlyle continues to have a board seat until the Advisory Client's ownership level falls below a given threshold. Notwithstanding that such fees will be offset as set forth herein, from time to time, CGCIM may still have an incentive to charge accelerated monitoring and similar fees, including due to differences in timing between payment of such fees and the application of future offsets, as is also the case with other Service Fees that offset future management fees.

Carlyle's Global Portfolio Solutions team (f/k/a Global Investment Resources) will provide certain Advisory Clients and their portfolio companies from time to time with services and support, including, but not limited to, in-house business development services (including services related to strategy and planning, customer acquisition and market expansion), leveraged purchasing, IT system support (including, without limitation, subscription fees for IT systems' experts providing advice for operational improvements at Advisory Client portfolio companies and related research reports, IT and technology diligence advisory services, including use of artificial intelligence and data analytics, and cybersecurity and risk assessment), consulting services (including services related to digital initiatives, procurement, and organizational and management performance), talent acquisition support, sustainability and environmental, social and governance ("ESG") related services and legislative and regulatory support (including research, diligence and advocacy) of CGCIM, its affiliates or other persons attributable or allocable to the provision of services and support by the Global Portfolio Solutions team (or any successor team or organization).

The members of the Global Portfolio Solutions team may be employed in any number of ways within Carlyle, including for example by CGCIM, its affiliates or entities in which the foregoing are joint venture participants. However, expenses and fees charged or specifically attributed or allocated by CGCIM or its affiliates to provide such services, and expenses, charges and/or related costs incurred by such Advisory Client, its parallel vehicle, CGCIM or its affiliates in connection with the provision of such services to such Advisory Client and/or its portfolio companies, including, without limitation, compensation and other overhead allocable to such services, will be borne by such Advisory Client to the extent not paid by its portfolio company or Carlyle. Carlyle will not be required to confirm that such costs are borne on an arm's-length basis. Members of the Global Portfolio Solutions team and other Carlyle personnel providing services for which the expenses, charges and/or related costs (including, without limitation, compensation and other overhead) comprise partnership expenses will utilize a variety of IT systems and IT support services, which systems and/or support may be developed, maintained, operated or provided by Carlyle personnel or by third parties. Accordingly, an Advisory Client (or a portfolio company, where applicable) may bear as a partnership expense some or all of the expenses, charges and/or related costs incurred in connection with such systems and such support as part of the overhead allocable to applicable services, including compensation and other costs of Carlyle personnel. The foregoing amounts will not be subject to the management fee offset provisions of an Advisory Client's governing documents.

It is expected that the services and support provided by Carlyle's Global Portfolio Solutions team to Advisory Clients and their portfolio companies will expand over time, and accordingly charges, expenses, costs and fees attributable or allocable to the provision such services and support (the "Global Portfolio Solutions Costs") borne by such Advisory Clients would increase. It may be difficult to

distinguish services provided by the Global Portfolio Solutions team from the investment management services provided to such Advisory Client by CGCIM and/or the general partner of such Advisory Client. In that regard, members of the Global Portfolio Solutions team may report to, or be supervised by, Carlyle's investment advisory professionals and may receive a portion of the carried interest (or similar incentive arrangements in respect of other Carlyle-related funds). Carlyle professionals on the Global Portfolio Solutions team may also spend a portion of their time providing services to an Advisory Client and/or other Carlyle-related funds as well as to Carlyle's business segments in particular geographic regions. Carlyle may also determine to limit access to certain portions of the Global Portfolio Solutions team to one or other Carlyle-related funds. Accordingly, there can be no assurance that an Advisory Client or its portfolio companies will be able to avail itself of all or any of the Global Portfolio Solutions described herein.

In the case of fees related to business transition services, often times these will be calculated as a percentage of the total enterprise valuation of the transaction, which is generally the aggregate amount of funds raised (including invested capital, rolled-over equity and debt assumed or financed by the Advisory Client and/or the portfolio company and its subsidiaries and affiliates).

As a general matter, the portion of fees received from portfolio companies that is allocable to capital invested by internal and external co-investment vehicles will be retained by Carlyle and will not be applied to reduce the management fees paid by an Advisory Client fund (even if the governing agreements of such co-investment vehicles provide for lower or no management fees for the investors or participants therein). Investors in external co-investment vehicles are often also charged a one-time fee (sometimes called a "structuring fee" or an "upfront fee"), an ongoing management fee and/or an administrative fee in connection with such co-investment activity. Furthermore, in the event break-up or topping fees are paid to an Advisory Client in connection with a transaction that is not ultimately consummated, external co-investment vehicles that invest alongside an Advisory Client will generally not be allocated any share of such break-up fees or toppings fees, which will be retained by Carlyle and not shared with any Advisory Client. Similarly, such external co-investment vehicles generally do not bear any portion of broken deal expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for unconsummated transactions; such amounts are borne by the applicable Advisory Client fund.

CGCIM engages and retains strategic advisors, operating advisors, consultants, senior advisors, operating executives and other similar professionals, which may include former Carlyle employees, in all cases, who are not employees of CGCIM ("Operating Professionals"). Operating Professionals receive payments from, or allocations with respect to, portfolio companies (as well as from Advisory Clients) for their services (including for serving on a portfolio company's board of directors). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or Advisory Clients will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by CGCIM, be deemed paid to or received by CGCIM (nor will such amounts be deemed paid to or received by affiliates or personnel of CGCIM) and such amounts will not be subject to the management fee offset provisions described in Item 5 (meaning that such compensation received from the portfolio company will be indirectly borne by the Advisory Client without any offset to such Advisory Client's management fee). To the extent Operating Professionals are engaged through a retainer agreement with CGCIM, Carlyle may elect in its discretion to bear the expense of base retainer fees (and may change such election at any time without notice), while in other cases, Advisory Clients may bear such fees. These Operating Professionals may have the right or may be offered the ability to

co-invest without fees or carry alongside or in Advisory Clients, including in those investments in which they are involved, receive in-kind payments such as stock or stock options or otherwise participate in equity plans for management of any such portfolio company (which may have the effect of reducing the amount invested by and returned in respect of an Advisory Client investment). Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors alongside or in other Advisory Clients. Operating Professionals are expected to be compensated (including pursuant to retainers and expense reimbursement) by CGCIM, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Operating Professionals will be subject to contractual obligations to exclusively provide certain services to CGCIM.

CCGIM may have a conflict of interest to the extent that it has an opportunity to earn a fee from an investment held by an Advisory Client. Other than transactions expressly permitted by the governing agreements of the relevant Advisory Client, any fees paid to CGCIM or its affiliates by a portfolio company or an Advisory Client are generally assessed on an arm's-length basis on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party, are generally no less favorable than market terms, or such fees may be subject to approval by the Investor Advisory Committee. Among the measures CGCIM uses to mitigate such conflict is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Common Types of Expenses

Expenses that are typically borne by Advisory Clients (or their respective portfolio companies) generally include, without limitation (i) organizational expenses, (ii) expenses associated with redemptions, admissions and ongoing marketing, (iii) fees, costs and expenses (including indemnification costs and expenses) of any administrators (including administrators or similar service providers (and related information management systems) that perform anti-money laundering or "know your customer" diligence and investor verification services in connection with the onboarding and ongoing participation of investors in an Advisory Client (or its related vehicles)), custodians, depositaries (including for the avoidance of doubt, any depositary appointed pursuant to Article 21 of the AIFMD), Swiss representative and paying and transfer agents, advisors, attorneys, accountants, tax advisors, consultants, appraisers, brokers, deal finders, agents, valuation experts, data providers (including data subscriptions, related systems and services from such data providers and data management software), appraisers, other advisors and professionals (including audit and certification fees), operating executives, operating advisors, former employees, senior advisors, and other such professionals (to the extent such individuals are not Carlyle employees and are performing duties for a specific Advisory Client or a portfolio company, including but not limited to, service as a member of the portfolio company board of directors), (iv) costs incurred in preparing, printing and distributing reports physically and/or electronically to investors (including related information management systems whether maintained at Carlyle or otherwise), (v) all out-of-pocket fees, costs and expenses (including retainer fees and other compensation), if any, incurred in connection with or relating to developing, sourcing, bidding on, evaluating, negotiating, structuring, obtaining regulatory approvals for, acquiring, purchasing, trading, settling, maintaining custody of, holding, operating, monitoring, financing, refinancing, accounting and disposing of actual or proposed investments (including related information management and trading systems (including deal screening systems), whether maintained at Carlyle or otherwise, and travel and accommodation expenses, which includes, without limitation, meals, business or first class air travel,

first class lodging, private car transportation, and may include the use of chartered travel or private air travel, as appropriate and in accordance with travel policies, and any financing, legal, accounting, loan administration, advisory and consulting expenses (including if incurred by or owing to consultants) in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by entities in which the Advisory Clients have invested or propose to invest or by other third parties), any costs and expenses incurred in connection with attending industry conferences, and any costs and expenses arising from any foreign exchange or other currency transactions, expenses related to specialty or custom software (including electronic subscription documents and software for monitoring risk, compliance, sector or industry research and the overall portfolio, as well as any related development costs), deal sourcing and industry research subscriptions, group purchasing programs for portfolio companies, and any insurance, indemnity or litigation expense), (vi) broken deal expenses (including expenses that would have been borne by co-investment vehicles), to the extent not reimbursed by an entity in which the Advisory Clients have invested or propose to invest, or other third parties, (vii) brokerage commissions, prime brokerage fees, custodial expenses, agent bank fees and other bank service fees, travel and related expenses and other investment costs, fees and expenses incurred in connection with actual investments, (viii) costs of litigation, D&O liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Advisory Clients, including indemnification obligations to any placement agents and finders in connection with the offer any sale of interests in the Advisory Clients, (ix) out-of-pocket expenses incurred in connection with any amendments to governing documents of the Advisory Clients, (x) out-of-pocket expenses incurred in connection with compiling and complying with provisions in side letter agreements, including “most favored nations” process and provisions, as well as out-of-pocket expenses incurred in connection with any transfer of interests in an Advisory Client, (xi) out-of-pocket fees, costs and expenses, if any, incurred in connection with legal, tax, regulatory and statutory compliance with U.S. federal, state, local, non-U.S. or other law or regulation (including, without limitation, regulatory filings of CGCIM and its affiliates relating to an Advisory Client and its activities, including reporting on and compliance with (including modifications to such requirements) Form PF, SEC Private Funds Rules (defined below), DAC 6, FATCA and CRS (each defined below) and any comparable legislation or regulations published by any other relevant jurisdiction, and reports, disclosures, filings and notifications prepared in accordance with and with respect to the organization or maintenance of any entity used in connection with compliance by an Advisory Client (or its related vehicles) with the AIFMD (defined below) (including any entity established to be AIFM of such Advisory Client or any parallel vehicle within the meaning of the AIFMD) as well as any travel and accommodation expenses related to such entity; the salary and benefits of any personnel reasonably necessary for the maintenance of such entity; filing fees, registration fees, and other fees paid to local regulatory authorities; the costs incurred in connection with maintaining a local registered agent (or similar local representative); or other related overhead expenses), (xii) fees, costs and expenses related to the organization, operation or maintenance of any intermediate entity or similar administrative structure used to acquire, hold, dispose, or otherwise facilitate an Advisory Client’s investment activities (including, without limitation, any related travel and accommodation expenses, salaries and benefits of any personnel reasonably necessary for the operation or maintenance of such intermediate entities, or other related overhead expenses), (xiii) expenses of dissolving, winding up and terminating the Advisory Clients and intermediate entities, (xiv) any taxes, fees or other governmental charges levied against or payable by the Advisory Clients or payable by the Advisory Clients and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Advisory Clients (including any fees, costs and other expenses incurred by the partnership representative and designated individual acting in such capacity); (xv) out-of-pocket fees,

costs and expenses, if any, associated with any third-party examinations or audits (including other similar services) of the Advisory Clients, its parallel vehicles, general partner, the CGCIM AIFM, or CGCIM that are attributable to the operation of such Advisory Clients and parallel vehicles or requested by one or more investors in an Advisory Client, (xvi) costs and expenses of any lenders, investment banks and other financing sources (including principal and interest on and fees and other expenses arising out of all borrowings made by Advisory Clients, including, but not limited to, the arranging thereof and any related expenses and professional fees incurred in connection with any procedure reports for lenders and any indemnification obligations and agent servicing fees), (xvii) the out-of-pocket and legal and other expenses of the Investor Advisory Committee (including, but not limited to, travel-related expenses for members and certain observers of certain Investor Advisory Committees), (xviii) certain expenses associated with any meeting or conference of the Advisory Clients (including meetings or conferences attended by investors in the Advisory Clients, regardless of whether all investors in the Advisory Client attend), (xix) out-of-pocket expenses associated with completed transactions that are not reimbursed by the seller or capitalized as part of the acquisition price of the transaction, (xx) to the extent not paid by an Advisory Client's portfolio company/issuer, the fees, costs and expenses of a Carlyle broker dealer in connection with the provision of broker dealer services to an Advisory Clients or its portfolio companies, (xxi) to the extent not paid by an intermediate entity or its investors, the expenses of such intermediate entity or its investors (which expenses may in the general partners' (or similar managing fiduciary's) discretion be specially allocated to the investors with a direct or indirect interest in such intermediate entity), (xxii) to the extent not paid for by an Advisory Client's portfolio company/issuer or by Carlyle, any applicable Global Portfolio Solutions Costs incurred in respect of services provided by the members of the Global Portfolio Solutions team, (xxiii) fees, costs and expenses of a GCM Provider (as defined below) in connection with the provision of GCM Services (as defined below) to an Advisory Client or any of its portfolio companies and (xxiv) any other fees, costs or expenses approved by certain Investor Advisory Committees to be treated as expenses of an Advisory Client.

Certain Advisory Clients are also required to bear the allocable compensation and other direct expenses and overhead of, for example, in-house administrative (including initial and ongoing anti-money laundering or "know your customer" diligence and investor verification services), accounting (including tax services (*e.g.*, tax compliance, tax oversight and tax structuring)), legal, IT systems support (including subscription fees for IT systems' experts providing advice for operational improvements at portfolio companies/issuers and related research reports) without duplication of and which is not otherwise a Global Portfolio Solutions Cost attributable or allocable to Carlyle's Global Portfolio Solutions team, hedging and currency management, transfer pricing services to an Advisory Client, its parallel vehicles and/or its portfolio companies, as well as expenses charges and/or related costs incurred by such Advisory Client, its parallel vehicles, CGCIM or its affiliates in connection with providing such services including, without limitation, compensation and other overhead allocable to such services (such allocation being made based on a variety of factors which may change over time (*e.g.*, upon fee-earning assets under management of an Advisory Client as compared to aggregate fee-earning assets under management of all Carlyle investment funds with respect to which such professionals have responsibilities) and methods that Carlyle believes are fair and reasonable). In connection with such expenses, the general partner of an Advisory Client may have a conflict of interest in allocating certain expenses among investors of the Advisory Client as well as among each Carlyle-sponsored investment vehicle and any co-investment vehicles.

In addition, CGCIM from time to time engages one or more fund administrators or similar service providers (some of which may be portfolio companies or third-party captive service providers) to perform certain functions in relation to an Advisory Client, including but not limited to, coordination of the Advisory Clients' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, review of Advisory Client marketing materials, initial and ongoing monitoring/reviews of current or potential investors in support of anti-money laundering, investor verification, or know-your-customer and similar due diligence requirements, support for the Advisory Clients' valuation process and support of certain investor correspondence, investor data management and reporting requests as well as data collection required for, and preparation and distribution of various regulatory reporting that the Advisory Clients are obligated to comply with. Certain employees of certain of such service providers dedicate substantially all of their time to Advisory Clients and spend all or a significant majority of their business time at the Carlyle offices. These expenses are borne by the Advisory Clients. In certain circumstances, advisors and service providers, or their affiliates, will charge different rates or have different arrangements for services provided to Carlyle, the general partner (or similar managing fiduciary), CGCIM or their affiliates as compared to services provided to the Advisory Clients and their portfolio companies, which can result in more favorable rates or arrangements than those payable by the Advisory Clients or such portfolio companies. Moreover, Carlyle or the Advisory Client will often not be in a position to verify the risks or reliability of such service providers. The Advisory Client may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them. In addition, certain Advisory Clients bear the expenses of all third-party administrator service providers even if there is some overlap in services performed by such third-party administrator and Carlyle personnel.

Carlyle may determine to shift services for initial and ongoing monitoring and compliance of anti-money laundering, investor verification, or know-your-customer reviews from a third-party fund administrator or other similar service provider to Carlyle employees or a captive service provider (or vice versa). As noted above, Advisory Clients will bear the associated expenses in connection with such services regardless of whether Carlyle or a third-party fund administrator or other similar service provider provides such services, provided that any fees paid to CGCIM or its affiliates by an Advisory Client for the provision of such services will not be greater than what would be paid to an unaffiliated third party for substantially similar services as determined by Carlyle in good faith.

Carlyle may also be confronted with tasks that can be accomplished either by its employees (including secondees) or by third-party service providers or vendors. Carlyle's allocation of such tasks may be influenced by whether Carlyle or an Advisory Client would bear the fees and expenses of a third-party service provider or vendor. Due to, among other things, limited internal resources, Carlyle may be incentivized to allocate such tasks related to Advisory Clients to third-party service providers or vendors (including in cases where its employees may be able to accomplish such a task faster or with higher quality than a third-party service provider or vendor), such that the Advisory Clients would bear the fees and costs thereof. On the other hand, Carlyle may be incentivized to allocate its employees to matters related to CGCIM or its affiliates so as to avoid CGCIM or its affiliates bearing the fees and costs of third-party service providers or vendors.

Carlyle has designed a group purchasing program whereby portfolio companies are afforded the option to participate in group purchasing arrangements with Carlyle, its affiliates and other portfolio companies. Companies that participate in the program are able to take advantage of group discounts which have

been negotiated with various vendors and service providers. Carlyle allocates aggregate ongoing third-party administration costs for the program among the applicable Advisory Clients (and Carlyle). Carlyle and its affiliates also participate in the program, are allocated a portion of the ongoing third-party administration costs, and receive substantially the same benefits and discounts as portfolio companies, and such benefit is not subject to any offset. Carlyle may, from time to time, choose to offer certain services such as training programs to portfolio companies, as part of the group purchasing program or otherwise. The absence of Carlyle charging an expense for such services could create the appearance of a conflict of interest.

From time to time, Advisory Clients are expected to recruit a management team to pursue a new “platform” opportunity expected to lead to the formation of a future portfolio company or to provide operating services to assets being acquired by such Advisory Client or by a platform portfolio company created by such Advisory Client. In other cases, Advisory Clients are expected to form a new portfolio company and recruit a management team to build the portfolio company through acquisitions and organic growth. In both cases the Advisory Client will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company. Such expenses will be borne directly by the applicable Advisory Client as partnership expenses or indirectly as the Advisory Client bears the start-up and ongoing expenses of the newly-formed platform portfolio company. None of these expenses will offset any Advisory Client management fees. In certain instances, the portfolio company that employs such a management team may be engaged to provide operating services to assets owned by other portfolio companies of such Advisory Client or by portfolio companies of other Advisory Clients. Such services will generally be performed at market rates and any revenues so generated will accrue to the benefit of the portfolio company providing such services.

In addition, where CGCIM is expected to make determinations of market rates (*i.e.*, rates that fall within a range that CGCIM has determined is reflective of rates in the applicable market and certain similar markets, though not necessarily equal to or lower than the median rate of comparable firms), it will do so based on its consideration of a number of factors, which are generally expected to include CGCIM’s experience with unaffiliated service providers as well as benchmarking data and other methodologies determined by CGCIM to be appropriate under the circumstances. Any benchmarking is not expected to be memorialized in formal reports but rather conducted on an informal basis, and while CGCIM often obtains benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by CGCIM affiliates in the applicable market or certain similar markets, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services, the confidential or bespoke nature of such services (*e.g.*, different assets may receive different services) or because the services being benchmarked are part of a broader suite of services. In addition, benchmarking data is based on general market and broad industry overviews rather than determined on an asset-by-asset basis, and benchmarking may also be conducted only on a periodic basis (*e.g.*, every few years) rather than on an ongoing or regular basis. As a result, benchmarking data does not take into account specific characteristics of individual assets then owned or to be acquired by an Advisory Client, or the particular characteristics of services provided. For these reasons, such market comparisons may not result in precise market terms for comparable services. In certain circumstances CGCIM can be expected to determine that third-party benchmarking is unnecessary, either because the price for a particular good or service is mandated by law or because in CGCIM’s view no comparable service provider offering

such good or service exists or because CGCIM has access to adequate market data to make the determination without reference to third-party benchmarking. Depending on the nature of the relevant services provided, expenses and costs to obtain benchmarking data will be borne by the relevant portfolio company or directly by the relevant Advisory Clients receiving such services.

Expenses frequently will be incurred by multiple Advisory Clients. Carlyle allocates aggregate costs among the applicable Advisory Clients (and, in certain cases, among Carlyle and applicable Advisory Clients) in accordance with allocation policies and procedures which are reasonably designed to allocate expenses in a fair and equitable manner over time among such Advisory Clients. However, expense allocation decisions can involve potential conflicts of interest (*e.g.*, an incentive to favor Advisory Clients that pay higher incentive fees, conflicts relating to different expense arrangements with certain Advisory Clients, or allocations of certain in-house personnel expenses). Under its current expense allocation policies, Carlyle generally allocates expenses among Advisory Clients in accordance with applicable rules set forth in fund governing documents and on a *pro rata* basis (which may be determined by Carlyle in its reasonable good faith discretion, based on a number of available methods, including based on assets under management, investment cost (and may include available capital), or fair value of investments, number of investors, number of investments, number of funds (or legal entities), fund size, department headcount and compensation, number of users or time spent or estimated to be spent on certain services, benefit received or derived relative to the expense or relative use of product or service to which the expense relates) or in such other manner as Carlyle determines is fair and equitable. Carlyle may, however, use other methods to allocate certain expenses among the Advisory Client if it deems another method more appropriate based on the nature or source of the product or service or other relevant factors. Nonetheless, such assessments will involve Carlyle's subjective judgment, and the portion of a common expense that Carlyle allocates to an Advisory Client for a particular product or service may not ultimately reflect the relative benefit derived by the Advisory Client from that product or service in any particular instance. For example, certain expenses may be allocated *pro rata* across all investment vehicles comprising an Advisory Client regardless of whether each investment vehicle is directly incurring the expense. Carlyle's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by Carlyle in good faith will be final and binding on the Advisory Clients. Despite Carlyle's good faith judgment to arrive at a fair and equitable expense allocation methodology, the use of any particular methodology may ultimately lead an Advisory Client to bear relatively more expense in certain instances and relatively less in other instances compared to what an Advisory Client would have borne if a different methodology had been used. However, Carlyle seeks to make allocations that are fair and equitable on an overall basis in its good faith judgment.

All out-of-pocket fees, costs and expenses, if any, incurred in connection with an Advisory Client or parallel vehicle's compliance with AIFMD (including any entity established to be the "alternative investment fund manager" of a fund entity) as well as any travel and accommodation expenses related to such entity, the salary and benefits of any personnel reasonably necessary for the maintenance of such entity, or other overhead expenses in connection therewith) may be allocated to each fund entity that comprises an investment fund (even if not all fund entities are subject to AIFMD), provided entities formed for the purpose of internal co-investment may not receive an allocation of such expenses.

In addition, the BDCs, CCIF, CAPM and CTAC also bear the costs associated with their respective offerings of common stock and other securities, if any.

MMCF and MMCF II Expenses

MMCF and MMCF II are each subject to various expenses that their respective MMCF Members, by virtue of their membership interests, will indirectly bear on a *pro rata* basis. MMCF and MMCF II will each incur expenses in connection with their formation, capitalization, financing and ongoing investment activity. Certain of these expenses will include reimbursement of MMFC's and MMFC II's administrator, which is an affiliate of CGCIM for costs incurred in connection with such activities.

Brokerage Expenses

Expenses paid to third parties in connection with the acquisition or disposition of investments are borne by the Advisory Clients. These expenses include brokerage commissions (direct or in the form of a spread), prime brokerage and other account fees, custodial expenses, agent bank and other bank service fees, travel and related expenses and other investment costs, fees, and expenses incurred in connection with completed investments. Brokerage and other transaction costs are also discussed in more detail in Item 12 – “Brokerage Practices.”

Organizational/Offering Expenses

Typically, legal, accounting, filing and other expenses including amounts payable in respect of value added tax (“VAT”) thereon, incurred in connection with structuring, organizing, forming and establishing an Advisory Client, its general partner (or similar managing fiduciary), the general partner (or similar managing fiduciary) of the general partner, any entity established in connection with Carlyle's side-by-side commitment and its general partner or managing member, any vehicle formed to directly or indirectly receive carried interest and its general partner or managing vehicle, as applicable, and the associated advisory arrangements with the investment adviser and its sub-advisers and the marketing and offering of interests in an Advisory Client (including travel and accommodation expenses (which may include expenses for chartered travel or private air travel in accordance with Carlyle's policies), filing fees and expenses, marketing material preparation expenses (including outsourcing to third parties of marketing materials compliance reviews), initial and ongoing reviews of current or potential investors in support of anti-money laundering or know-your-customer requirements, and printing costs or other similar amounts incurred by the general partner (or similar managing fiduciary) or its affiliates in connection with the offering of and subscription for interests in an Advisory Client) are borne by the investors in such Advisory Client, and for the avoidance of doubt, all initial notifications, filings and compliance contemplated by the AIFMD and the Luxembourg Law of 12 July 2013 on alternative investment fund managers, as applicable, and including all fees and expenses incurred in connection with any licensing, filing or registration requirements in a jurisdiction where the Advisory Client's interests may be offered. Often, the expenses borne by an Advisory Client are capped in the governing documents for the Advisory Client and any excess would offset future management fees. With respect to certain Advisory Clients, such expenses, up to the amount of any applicable cap, are borne solely by the third-party investors in such Advisory Clients that are not affiliated with Carlyle and any excess is borne by Carlyle. The BDCs, CCIF, CAPM and CTAC bear organizational/offering expenses, as disclosed in their respective offering documents. In addition, Carlyle will, in certain circumstances, engage placement agents and finders (whether independent or employed by Carlyle) in connection with the offer and sale of interests to certain investors, but the fees due to such placement agents and finders, either will be borne by Carlyle or to the extent paid by an Advisory Client will be treated as excess organizational expenses and will be subject to an offset against management fees.

For the avoidance of doubt, fees paid to locally licensed intermediaries or distributors that an Advisory Client is required to engage in order to offer interests in such Advisory Client in particular jurisdictions or as otherwise disclosed to investors shall not be deemed to be placement fees.

Broken Deal Expenses

Investors in certain Advisory Clients generally are required to bear out-of-pocket costs and expenses, if any, including any amounts payable in respect of VAT thereon, incurred in connection with developing, negotiating and structuring deals that are not ultimately completed (which may include potential Secondary Transactions as defined and discussed below). Typically, these expenses include (i) legal, accounting, advisory, consulting or other third-party expenses (including, without limitation, amounts payable to Operating Professionals and other third parties) in connection with making an investment that is not ultimately consummated, and any related travel and accommodation expenses (whether incurred by third parties or by Carlyle), although, in some cases, CGCIM and its affiliates may be required to bear travel and accommodation expenses, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made (including all fees, costs and expenses incurred in connection with the offering of interests in any Carlyle-affiliated investment vehicle formed for co-investors to participate in an Advisory Client's proposed investment that is not ultimately made, such as marketing material preparation and review), (iii) any out of pocket fees, costs and expenses paid to an individual or group pursuing a business plan that is not successfully implemented, (iv) any break-up, reverse break-up, topping, termination and other similar fees payable by an Advisory Client in connection with proposed investments that are not ultimately made and (v) any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made (in each case, to the extent such investment is not ultimately made by another Advisory Client). While Carlyle's internal co-investment vehicles that invest alongside our Advisory Client funds are allocated a portion of expenses, including, but not limited to, broken deal expenses, all other co-investment vehicles (particularly those expected to be formed to invest alongside an Advisory Client fund in a single investment that will generally not close in the event of any unconsummated deal) generally will not share in broken deal expenses. Investing in an Advisory Client does not give investors any rights, entitlements or priority to co-investment opportunities.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CGCIM currently acts as investment adviser or collateral manager to Advisory Clients, and related persons typically act as general partners (or similar managing fiduciaries) with respect to such Advisory Clients. As discussed in Item 5, CGCIM and its affiliates will receive carried interest allocations and management, incentive and other fees in connection with advisory and other services provided to certain Advisory Clients. The relationship of CGCIM, the manner of calculation and application of management fees and carried interest profit allocations, incentive fees or other performance-based fees, as applicable, with respect to CGCIM, the affiliated general partner (or similar managing fiduciary) or other affiliates and known or reasonably anticipated conflicts of interest involving CGCIM or its affiliates, are disclosed in the offering documents of the applicable Advisory Client provided to potential investors prior to their investment.

Each Advisory Client typically has a specified investment objective defined by geography, industry, type of investment, investment strategy, investment size, risk/reward profile, projected hold period

and/or other parameters. Investment opportunities that satisfy the investment objective of a particular Advisory Client typically will be allocated to that particular Advisory Client, although they may be allocated among multiple Advisory Clients with overlapping investment objectives in accordance with Carlyle's investment allocation policies. Carlyle's Chief Investment Officer and the investment or credit committee of the relevant Advisory Client have the discretion to construct what, in their business judgment, constitutes an appropriate investment portfolio for that Advisory Client. As such, in determining what they believe to be an appropriate portfolio for a particular Advisory Client, they will often give consideration to factors in addition to those outlined above. As a result, it may not be desirable for an Advisory Client to participate in an investment opportunity or acquire all of an investment opportunity.

Generally, external co-investment vehicles are only allocated investment opportunities if CGCIM determines there is excess capacity in respect of a particular investment opportunity. In certain cases, however, an investment opportunity will be appropriate for more than one Advisory Client. As discussed in more detail in Item 11 below, these investment opportunities are allocated in accordance with Carlyle's written policies and procedures, taking into account the applicable provisions of the Advisory Client's investment advisory agreement, collateral management agreement or other governing document as well as regulatory restrictions applicable to the Advisory Client.

In allocating investment opportunities, there could be incentives to favor Advisory Clients with higher potential management or performance fees, incentive fees or carried interest allocations over Advisory Clients with lower potential performance fees, incentive fees or carried interest allocations.⁵ Additionally, as described in Item 8, performance fee, incentive fee or carried interest allocations may create an incentive for the general partner (or similar managing fiduciary) of a Carlyle-sponsored investment vehicle advised by CGCIM to make riskier or more speculative investments on behalf of an Advisory Client than would be the case in the absence of this arrangement. Under the performance-based fee structure that applies to its management of CSL and CARS, CGCIM may benefit when capital gains are recognized and, because CGCIM determines when an investment is sold, it controls the timing of the recognition of capital gains. The CGCIM incentive fee for each of CSL, CARS, CCIF, CTAC and CDL CLO contains a hurdle rate, and other Advisory Clients may contain similar performance-based incentives. These fee structures may create an incentive for CGCIM to invest in higher-risk assets that would, if the investment were successful, improve CGCIM's likelihood of surpassing the hurdle rate or other performance-based incentives.

To seek to reduce the effect of such incentives, CGCIM and its affiliates have adopted written policies and procedures pursuant to which they seek to allocate investment opportunities that may be appropriate for more than one Advisory Client as well as advisory clients that are also served by CIM, Carlyle CLO or CBAM CLO in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, focus, mandate or policies (including any related contractual restrictions), risk tolerance, return targets, projected hold periods, diversification considerations, permissible and preferred asset classes, and liquidity needs of each Advisory Client. The policies seek to provide consistent treatment of such Advisory Clients with similar investment objectives and guidelines to the extent possible,

⁵ For example, if one Advisory Client is in a net loss position and another Advisory Client is in a net gain position, the Advisory Client in the net loss position will either (i) not generate a carried interest from such investment, or (ii) generate less carried interest from such investment to the extent profits are required to make up for previous losses.

consistent with legal, regulatory and contractual restrictions. CGCIM's and its affiliates' policies prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to Carlyle, CGCIM, any affiliates or their professionals, and require the review and approval of Global Credit's allocation committee (comprising senior CGCIM personnel) for allocations of opportunities that are appropriate for multiple Advisory Clients (or advisory clients). Each Advisory Client typically has its own investment guidelines, governing agreements and geographical and industry focus that must be taken into account when making investment allocation determinations.

ITEM 7. TYPES OF CLIENTS

The majority of CGCIM's Advisory Clients are pooled investment vehicles. CGCIM also provides advisory services to separately managed accounts, three BDCs, CCIF, CAPM and CTAC and is the collateral manager to several CLOs.

CCGIM and its affiliates typically require that each third-party investor in an Advisory Client be an "accredited investor" as defined in Regulation D under the Securities Act and a "qualified purchaser" as defined in the 1940 Act. Typically, a minimum investment amount is imposed on third parties investing in the investment vehicles for which CGCIM acts as investment adviser or collateral manager. This minimum often is set at \$5-10 million, but can be subject to a reduction upon prior agreement by CGCIM or an affiliate (subject to applicable legal requirements) and may not be applicable with respect to certain Advisory Clients. A minimum investment amount can also be established pursuant to the laws of the jurisdiction in which the investment vehicle was established.

As noted above, shares of common stock of CSL trade on the Nasdaq Global Select Market under the symbol "CGBD." Shares of common stock of CCIF trade on the New York Stock Exchange under the symbol "CCIF." The offer and sale of shares of CARS and CSL III common stock are not registered under the Securities Act. CTAC is a continuously offered, non-diversified closed-end management investment company that is operated as an interval fund. CTAC accepts initial and additional purchases of shares on each business day, and conducts quarterly repurchase offers for a limited amount of its shares (at least 5%).

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

CGCIM uses a range of methods to identify, analyze and assess potential and existing investment opportunities, descriptions of which are included in the applicable offering documents and other governing documents. This may include arrangements with affiliated or unaffiliated advisers for purposes of obtaining analyses that would assist the applicable investment or credit committees in their investment decision-making process. More specific descriptions are provided below regarding the investment strategies and investment processes, as they pertain generally to certain categories of credit investments applicable to CGCIM. As a general matter, analytical methods used by the investment teams can include gain/loss forecast models, cash-flow models, other financial modeling and simulation, risk sensitivity analyses, charting, and fundamental, technical and cyclical analysis. Such financial models may include results created by data analysts and data scientists who rely on various analytical techniques including running artificial intelligence models and machine learning technologies which incorporate large amounts of external data as inputs to their models.

Investments managed by CGCIM on behalf of its Advisory Clients focus on credit opportunities and other market strategies throughout the entire business cycle. These investment vehicles include loans (including leveraged loans) and structured credit, distressed credit and rescue financing, opportunistic credit, direct lending, energy credit and aviation finance, and generally invest in loans and bonds, distressed, synthetic products, and other forms of direct lending or private credit, although certain investment vehicles also have the flexibility to make equity investments. CGCIM's investment goals include generating attractive current income, risk-adjusted returns, and capital appreciation, while avoiding defaults, maximizing recoveries, and preserving principal. Each of CGCIM's Global Credit teams seeks to use its specialized expertise to identify investment opportunities by employing fundamental and technical analysis subject to eligibility criteria, Advisory Client objectives and investment guidelines.

- ***Direct Lending Investment Team:*** The direct lending investment team, which includes Carlyle's BDCs, seeks to generate current income and capital appreciation primarily by investing in debt investments in U.S. middle market companies (defined as companies with approximately \$25 million to \$100 million of EBITDA) primarily through direct originations of secured debt, including first lien senior secured loans (which may include stand-alone first lien loans, first lien/last out loans and "unitranche" loans) and second lien senior secured loans (collectively, "Middle Market Senior Loans"), with the balance of the assets invested in higher yielding investments (which may include unsecured debt, mezzanine debt and investments in equities). The diligence process typically includes intensive credit analysis, meetings with management, discussions with industry analysts and in-depth examinations of financial results and projections. The direct lending investment team closely monitors investments through regular meetings and communication with management and equity sponsors and conducts internal ongoing reviews of individual credits, market activity and the current trading environment.
- ***Opportunistic Credit Investment Team:*** The opportunistic credit investment team seeks to generate attractive risk-adjusted returns by focusing on asymmetric risk-return opportunities across the capital structure that are complex, misunderstood, and/or overlooked situations attracting a limited, non-traditional credit investor base. The investment team seeks to invest in a range of private and public credit instruments primarily in North America and Europe. The diligence process for such investments includes sourcing investments through relationships, industry experience and reciprocal strategies, conducting weekly pipeline meetings and initial screening of potential investments, and employing a rigorous, bottom-up fundamental research model focused on cash flow generation, catalysts to realizing estimated economic intrinsic value and return convexity.
- ***Loans and Structured Credit Investment Team:*** The loans and structured credit investment team provides advisory services on behalf of CGCIM in respect of the Carlyle Structured Credit fund⁶, which seeks to invest in the debt and equity tranches of unaffiliated CLOs that are backed by senior secured corporate loans made to companies operating primarily in the U.S. or Europe.

⁶ In addition to the Carlyle Structured Credit fund managed by CGCIM, the U.S. structured credit investment team also provides services on behalf of CIM (and through its relying advisors, Carlyle CLO, CBAM CLO and Carlyle CLO Europe) in respect of its CLO advisory clients, which are active in the structured credit space. For additional information, please see Part 2 of Form ADV for CIM, available at: <http://www.adviserinfo.sec.gov/>.

The fund focuses on investments sourced from the secondary market that are priced at a substantial discount to par. The method of analysis for each investment opportunity may include review of the underlying credit portfolio, key deal metrics, legal structure, manager performance and cashflows. The loans and structured credit investment team will consider investments in the context of macro-economic factors such as interest rate environment, credit trends, and regulatory environment. The team also provides advisory services on behalf of CGCIM in respect of the Carlyle Revolving Loan Fund, which seek to invest in senior secured revolving credit facilities of non-investment grade issuers in the U.S. and Western Europe purchased in the secondary market.

- ***Infrastructure Credit Investment Team:*** The infrastructure credit team invests primarily in directly originated and privately negotiated debt instruments and debt-related instruments involving global infrastructure projects. The team focuses primarily on senior, subordinated, and mezzanine debt and seeks to invest primarily in developed markets within the Organisation for Economic Cooperation and Development (the “OECD”).
- ***Carlyle Structured Solutions Investment Team:*** The structured solutions team invests primarily in illiquid, structured financings back by portfolios of assets and investments.

INVESTMENT RISKS

An investment in any Advisory Client involves a high degree of risk, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such Advisory Client and for which such Advisory Client does not represent a complete investment program. There can be no assurance that the investment objective or targeted returns of any Advisory Client will be achieved, that any Advisory Client will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to any Advisory Client. The discussion below enumerates certain, but not all, risk factors that apply generally to an investment in any Advisory Client. In addition, there will be occasions when the general partner of an Advisory Client, CGCIM and/or their respective affiliates encounter potential conflicts of interest in connection with such Advisory Client.

Prior to making any investment in an Advisory Client, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Advisory Client. In addition, risk factors relating to an investment in a BDC are set forth in the respective BDC’s latest annual report on Form 10-K filed with the SEC and, if applicable, its subsequent quarterly reports on Form 10-Q filed with the SEC.

No Assurance of Investment Return

An investment in an Advisory Client requires a long-term commitment, with no certainty of return. Carlyle cannot provide any assurance whatsoever that it will be able to choose, make and realize investments in any particular company or portfolio of companies for any Advisory Client. There can be no assurance that any Advisory Client will (i) be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Advisory Client participates or (ii) make any distribution to its investors. Furthermore, distributions to such Advisory Client’s investors may be subordinated in the event of a default under any credit facility

of such Advisory Client or its related entities. Accordingly, an investment in an Advisory Client should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past activities of investment entities associated with Carlyle or any Advisory Client provides no assurance of future success. **Past performance is not necessarily indicative of future results and all investors should be prepared to lose the value of their investment. There can be no assurance that projected or targeted returns for any Advisory Client will be achieved.**

Operational Risk

Advisory Clients depend on CGCIM to develop the appropriate systems and procedures to control operational risk and the Advisory Clients rely heavily on its financial, accounting and other data processing systems. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in an Advisory Client's operations may cause the Advisory Client to suffer financial losses, the disruption of its business, liability to third parties, regulatory intervention or damage to its reputation. The ability of its systems to accommodate an increasing volume of transactions could also constrain an Advisory Client's ability to properly manage its investments. Subject to the terms of the governing documentation for the relevant Advisory Client, such Advisory Client will be responsible for any losses incurred due to the occurrence of any such errors (including trade errors) and such Advisory Client will be required to indemnify the general partner of such Advisory Client, CGCIM and any other indemnitee for any such errors, even if such loss results from negligence (but not gross negligence) of such indemnitee.

An Advisory Client is subject to the risk that its trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failure or human error. As a result, an Advisory Client could be unable to achieve the market position selected by CGCIM or might incur a loss in liquidating its positions. Since some of the markets in which an Advisory Client may effect transactions are over-the-counter or interdealer markets, the participants in such markets are typically not subject to credit evaluation or regulatory oversight comparable to that which members of exchange based markets are subject. An Advisory Client is also exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions, thereby causing an Advisory Client to suffer a loss.

Role of Carlyle Investment Professionals

The success of each Advisory Client will depend in part upon Carlyle's ability to identify, attract, retain and motivate talented investment professionals, the skill and expertise of the investment professionals in Global Credit who manage the Advisory Client's investment program and, where applicable, the management of portfolio companies or other investments. There can be no assurance that such professionals will continue to be associated with or remain in the same roles at Carlyle whether as officers, employees, consultants or otherwise throughout the life of a particular investment or of any Advisory Client. A loss of the services of key personnel could impair Carlyle's ability to provide services to an Advisory Client and therefore could have a negative effect on an Advisory Client and the interests of such Advisory Client. Should one or more of these professionals become incapacitated or in some other way cease to provide advisory services to an Advisory Client, the Advisory Client's performance could be adversely affected. Moreover, there can be no assurances that such professionals will continue

to be associated with, or remain in the same roles at Carlyle whether as officers, employees, consultants or otherwise throughout the life of an Advisory Client. As valued leaders within Carlyle, certain key executives have management responsibilities that may continue to expand as Carlyle evolves. The roles and responsibilities within Carlyle of certain investment professionals are likely to be modified during the life of any Advisory Client, including modifications that result in less time devoted to such Advisory Client. In addition, Carlyle investment advisory professionals involved in providing advisory services to an Advisory Client may in the future cease providing such services while nonetheless employed by Carlyle. Any fiduciary duties owed by such professionals to an Advisory Client would be modified accordingly. In addition, Carlyle investment professionals involved in providing advisory services to an Advisory Client may in the future cease providing such services while nonetheless remaining employed by Carlyle. Separately, there is ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified professionals, including investment professionals. There can be no assurance that Carlyle personnel will not be solicited by and join competitors or other firms and/or that Carlyle will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. In particular, the noncompetition and non-solicitation agreements that certain senior Carlyle professionals are subject to, together with Carlyle's other arrangements with such professionals, will not prevent such professionals from leaving, joining Carlyle's competitors or otherwise competing with Carlyle. The noncompetition and non-solicitation agreements expire after a certain period of time, at which point such senior professionals could compete with Carlyle and solicit its clients and employees, and such agreements may not be enforceable in all cases. In this respect, in January 2023, the U.S. Federal Trade Commission ("FTC") published a proposed rule that, if finally issued, would generally prohibit employers from including (and would require rescission of existing) post-employment non-compete clauses (or other clauses with comparable effect) in agreements with their employees. In addition, members of the investment advisory team or investment or credit committee of a particular Advisory Client will work on other projects for Carlyle, including providing advice to non-CGCIM advisory clients. Furthermore, while William E. Conway, Jr., David M. Rubenstein and Daniel A. D'Aniello, co-founders of Carlyle, continue to serve as Non-Executive Co-Chairmen and Chairman Emeritus of Carlyle, respectively, they are no longer involved in the day-to-day activities of Carlyle and are not subject to any covenants regarding the amount of time they must devote to the business and affairs of Carlyle or an Advisory Client or its investments under such Advisory Client's governing documents. As such, unlike the co-founders the current leadership of Carlyle may not have been with Carlyle since inception. As a result, the investment process for certain Advisory Clients may be materially different than that of certain predecessor funds. Conflicts of interest are expected to arise in allocating management time, services or functions, and Carlyle's ability to access other professionals and resources within Carlyle for the benefit of a particular Advisory Client may be limited. Such access may also be limited by the internal compliance policies of Carlyle, including, without limitation, information barrier policies, or other legal or business considerations.

Reliance on the General Partner (or Similar Managing Fiduciary) and Investment Adviser or Collateral Manager of the Advisory Client

The general partner (or similar managing fiduciary) and investment adviser or collateral manager of an Advisory Client will have exclusive responsibility for an Advisory Client's activities, and, other than as may be set forth in an Advisory Client's governing documents, investors will have no opportunity to control the day-to-day operation of an Advisory Client or make investment, disposition or any other decisions concerning the management of an Advisory Client. In order to safeguard their limited liability

for the liabilities and obligations of an Advisory Client, investors must rely entirely on the general partner and the investment adviser to conduct and manage the affairs of an Advisory Client.

Material Risk Relating to Methods of Investment Analysis

CGCIM seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, CGCIM relies on available resources, including market research (which may include reliance on alternative data sources, artificial intelligence or machine learning), information provided by the target of the investment, and, in some circumstances, third-party investigations. As a result, the due diligence process may at times be subjective. Accordingly, CGCIM cannot be certain that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including irregular accounting, employee misconduct and other fraudulent practices) that are necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities.

This risk is further exacerbated by the potential impact of public health emergencies which may cause commercial disruptions (including on a global scale) and disrupt the manner in which due diligence investigations have historically been conducted. In circumstances where Carlyle accesses non-public confidential information, there is a possibility that certain trading restrictions would apply to Carlyle and its affiliates, which may affect an Advisory Client's ability to transact.

In the event of fraud by any Advisory Client portfolio company or any of such portfolio company's managers or affiliates, an Advisory Client may suffer a partial or total loss of capital invested in such portfolio company, and there can be no assurance that any such losses will be offset by gains (if any) realized on an Advisory Client's other investments.

CGCIM will generally negotiate the pricing of transactions, establish the capital structure of an investment (where applicable) and the terms and targeted returns of such investment on the basis of financial, macroeconomic, and other applicable projections. Estimated operating results will normally be based primarily on investment professional or management judgments, or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the assumptions will be accurate or that the estimated results will be obtained, and actual results may vary significantly from the projections. General economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth, or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith may, due to various risks and uncertainties including those described herein, differ materially from actual results. Other participants in the industry may disagree with the feasibility of projections and potential investors should make their own determinations about the prospects of any Advisory Client.

Effect of Substantial Losses on the Operations of CGCIM and the General Partner of Each Advisory Client

If, due to extraordinary market conditions or other reasons, an Advisory Client or any of its affiliates were to incur substantial losses, the revenues of CGCIM and its affiliates may decline substantially. Such losses may hamper CGCIM and its affiliates' ability to (i) retain employees and (ii) provide the same level of service to such Advisory Client as it has in the past.

General Economic and Market Conditions

The success of an Advisory Client's activities will be affected by the continued economic volatility as well as general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of an Advisory Client's investments), trade barriers, consumer spending patterns, currency exchange controls, continued technology disruption, tax reform or other significant policy changes as well as national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts, security operations or public health considerations). In addition, there exists material uncertainty in the global banking markets (particularly as a result of the recent failures of several banks in the U.S. and globally), and there can be no assurance that other banks (including banks with which Carlyle, the Advisory Clients or portfolio companies have business relationships) will not suffer adverse effects.

Inflation Rate

Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Currently, the U.S. and other developed economies are experiencing higher than normal inflation rates. It remains uncertain whether substantial inflation in the U.S. and other developed economies will be sustained over an extended period of time or have a significant effect on the U.S. or other economies. Certain Advisory Clients have faced, and could continue to face, difficulty in realizing value from investments due to sustained declines in equity market values as a result of concerns regarding interest rates. An increase in interest rates has, and could continue to increase the cost of debt financing for the transactions Advisory Clients pursue. In addition, a significant contraction or weakening in the market for debt financing or other adverse change relating to the terms of debt financing (such as, for example, higher equity requirements and/or more restrictive covenants), particularly in the area of acquisition financings for private equity and real estate transactions, could have a material adverse effect on Advisory Clients.

Misconduct of Carlyle Personnel; Third-Party Service Providers

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to Carlyle. Misconduct by employees or by third-party service providers to Carlyle or an Advisory Client could cause significant losses to an Advisory Client. Employee misconduct could include, among other things, binding an Advisory Client to transactions that exceed authorized limits or

present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), or otherwise charging (or seeking to charge) inappropriate expenses to an Advisory Client or Carlyle. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Advisory Client's business prospects or future activities. Furthermore, because of Carlyle's diverse businesses and the regulatory regimes under which they operate, misdeeds by a Carlyle entity (or its personnel) may result in foreclosing an Advisory Client's ability to conduct its activities in the manner otherwise intended. It is not always possible to deter misconduct by employees or service providers, and the precautions the Carlyle takes to detect and prevent this activity may not be effective in all cases.

Risks of Third-Party Service Providers

Certain of an Advisory Client's and CGCIM's operations interface with and/or depend on third parties, including an Advisory Client's administrator or other service providers, and such Advisory Client or CGCIM may not be in a position to verify the risks or reliability of such third parties. An Advisory Client may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them. The costs, fees and expenses associated with the provision of such services by third-party service providers will generally be borne by an Advisory Client instead of its general partner or CGCIM, thereby increasing the expenses borne by such Advisory Client's investors.

Newly Formed Entities; Lack of Operating History

Each Carlyle-sponsored investment vehicle advised by CGCIM will initially be a newly-formed entity which has not commenced operations and therefore will have no operating history upon which an investor may evaluate its performance. There can be no assurance that any such Carlyle-sponsored investment vehicle will be able to implement its investment strategy and investment approach or achieve its investment objective or that an investor will receive a return of its capital. Past performance of investment entities associated with Carlyle is not necessarily indicative of future results and there can be no assurance that a Carlyle-sponsored investment vehicle will achieve comparable results or that targeted returns will be met. Moreover, each such Carlyle-sponsored vehicle is subject to all of the business risks and uncertainties associated with any new investment vehicle, including the risk that it will not achieve its investment objectives and that the value of an interest in such investment vehicle could decline substantially. Accordingly, investors should draw no conclusions from the prior experience of CGCIM, the investment professionals or the performance of any other Carlyle investments and should not expect to achieve similar returns.

Ongoing Turmoil in the U.S. and Global Financial Markets

Turmoil such as that currently experienced by the U.S. and global financial markets as a result of the ongoing Russia-Ukraine and the Middle East wars, the recent COVID-19 pandemic, and such as markets endured during the global financial crisis of 2008 and recent collapses of financial companies including crypto-currency companies, illustrates the risk that the financial markets can experience uncertainty, volatility and instability, potentially for protracted periods of time. Lending and the global credit markets continue to experience substantial volatility, disruption, liquidity shortages and, to some extent, financial instability. Global financial markets have experienced considerable and prolonged declines in the

valuations of equity and debt securities and periodic acute contraction in the availability of credit. There can be no assurances that conditions in the U.S. and global financial markets will not worsen and/or adversely affect one or more of an Advisory Client's portfolio companies or other investments, (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage (including such portfolio companies' ability to access cash for immediate needs, including payroll and expenses), its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, last year's events in the U.S. and European banking sectors have caused uncertainty for financial services companies, and fear of instability in the global financial system generally, including the closure of Silicon Valley Bank ("SVB"), Signature Bank ("Signature") and First Republic Bank ("First Republic"). Depositors and other customers of smaller and/or regional banks have experienced, and may continue to experience, significant challenges and uncertainty regarding access to banking products and services, including with respect to the availability of such customers' deposits, lines of credit and other accounts and banking relationships. In addition, certain financial institutions, in particular smaller and/or regional banks or other financial institutions, have experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors at these institutions have withdrawn, or will withdraw in the future, significant sums from their deposit accounts.

Should similar extraordinary events continue to occur, there is risk that more of these smaller and/or regional banks, or other financial institutions, may become in danger of default and/or face a risk of closure, receivership or other government intervention. Should additional banks be closed by governmental authorities, placed into receivership or conservatorship, or otherwise require government intervention, there is no assurance that the FDIC will guarantee uninsured depositors at any other financial institution. Even without additional bank closures, uncertainty caused by recent bank failures – and general concern regarding the financial health and outlook for other financial institutions – could have an overall negative effect on banking systems and financial markets generally. The recent developments may also have other implications for broader economic and monetary policy, including interest rate policy, and may impact the financial condition of banks and other financial institutions outside of the United States. For the foregoing reasons, there can be no assurances that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect an Advisory Client, its investments or their respective financial performance.

Prior to their closure, SVB and Signature provided significant banking services to the private equity and real estate industries. It is not currently known whether, and to what extent, their respective successor banks will continue to provide comparable banking services to the private equity and real estate industries.

Any future failure of other banks or financial institutions would be expected to result in significant uncertainty as to whether the failed bank (under FDIC receivership or conservatorship), or any successor institution (such as a bridge bank or other acquirer) will be able or willing to honor new draw requests under their existing credit facilities in which they are the sole lender or a syndicate lender. If any of the financial institutions that hold an Advisory Client's deposits were to be placed in receivership by the

FDIC or otherwise fail, the Advisory Client may be unable to access such funds. In addition, if any parties with whom the Advisory Client conducts business are unable to access deposited funds or other funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to pay their obligations to the Advisory Client or to enter into new arrangements requiring additional payments to the Advisory Client could be materially adversely affected.

To the extent any troubled financial institutions default on their obligation to fund their loan commitments, in the short term the business operations of their borrowers may be limited or suspended due to the lack of liquidity. And in the longer term, such borrowers may look to refinance away from defaulting lenders, which may introduce additional or new risks to these institutions. Given the magnitude of such banks' and other financial institutions' loan portfolios, there can be no guarantee that other financial institutions have the capacity to provide replacement financing in a timely manner, if at all. Further, there can be no assurances that an Advisory Client or its investments will establish banking relationships with multiple financial institutions, and the Advisory Client and its investments are expected to be subject to contractual obligations to maintain all or a portion of their respective assets (including deposits) with a particular bank (including, without limitation, in connection with a credit facility or other financing transaction). For example, it could be a violation of such contractual obligations to establish or maintain banking products and services, including deposits, lines of credit and other accounts and banking relationships, at another bank. Any actions to establish a banking relationship with another bank in respect of an investment or portfolio of investments could result in financial or other penalties that limit and dis-incentivize an Advisory Client and its investments from taking steps to establish banking relationships with multiple financial institutions. Further, a significant amount of commercial real estate financings are provided by smaller and/or regional banks or other financial institutions and it is not currently known whether, and to what extent, such banks and financial institutions will continue to provide comparable banking services.

Simultaneously with the recent events in the U.S. banking sector, as a result of depositary outflows and other existential issues, the Swiss Financial Market Supervisory Authority intervened in the collapse of Credit Suisse Group AG ("Credit Suisse"), one of the global systemically important banks, brokering its partial sale to UBS Group AG ("UBS") on March 19, 2023. There is a risk that other financial institutions could undergo significant depositary outflows as a result of contagion disconnected from market fundamentals or for other reasons, and it is unclear what steps regulators would take, if any, in the event of further bank closures or continuing (or increasing) market distress.

In addition, some of an Advisory Client's limited partners, portfolio companies and/or transaction counterparties may bank with, or otherwise have exposure to, SVB, Signature, First Republic, Credit Suisse or other smaller and/or regional banks or similar financial institutions. To the extent any such parties' operations are impacted by such banks or any other financial institution that may be closed by governmental authorities, placed into receivership or conservatorship, or otherwise or fail or require government intervention, their ability to conduct their business activities in the ordinary course may be significantly restricted. For example, portfolio companies may be delayed or prevented from making any required payments under their own debt or other contractual obligations, and for limited partners their ability to honor capital calls and/or receive distributions may be similarly impacted. Any such events, in turn, may impact an Advisory Client's operations.

The performance of certain Advisory Client investments will also be substantially dependent upon prevailing prices of oil, natural gas, coal and other commodities (such as metals) and the differential

between prices of specific commodities that are a primary factor in the profitability of certain conversion activities such as petroleum refining (“crack spread”) and power generation (“spark spread”). Commodity prices are likely to continue to be volatile and subject to wide fluctuations in response to any of the following factors: (i) relatively minor changes in the supply of and demand for each commodity; (ii) market uncertainty; (iii) political conditions in international commodity producing regions, including conflicts such as the Russia-Ukraine and the Middle East wars; (iv) the extent of domestic production and the importation of commodities in certain relevant markets; (v) the foreign supply of commodities; (vi) the price of foreign imports; (vii) the price and availability of alternative fuels; (viii) the level of consumer demand; (ix) the imposition of tariffs by the U.S. and other countries; (x) the price of steel and the outlook for steel production; (xi) weather conditions; (xii) the competitive position of oil, gas or coal as a source of energy as compared with other energy sources; (xiii) the industry-wide refining or processing capacity for oil, gas or coal; (xiv) the effect of United States and non-U.S. federal, state and local regulation on the production, transportation and sale of commodities; (xv) with respect to the price of oil, actions of the Organization of Petroleum Exporting Countries; (xvi) the expected consumption of coking coal in steel production; (xvii) the amount and character of excess electric generating capacity in a market area; (xviii) overall economic conditions; and (xix) a variety of additional factors that are beyond the control of Carlyle, CGCIM or an Advisory Client. A substantial or extended decline in commodity prices may materially and adversely affect an Advisory Client’s investment activities as well as the financial condition, results of operations and liquidity of an Advisory Client’s investments and the ability of such investments to finance planned capital expenditures.

COVID-19 and Public Health Emergencies

The outbreak of COVID-19, which the World Health Organization previously declared a public health emergency of international concern (“PHEIC”), resulted in numerous deaths, adversely impacted global commercial activity, and contributed to significant volatility in certain equity, debt, derivatives and commodities markets.

Any future PHEIC or other public health emergency, including any new or variant outbreaks of COVID-19, SARS, H1N1/09 flu, avian flu, respiratory syncytial virus (RSV), other coronaviruses, Ebola or other existing or new epidemic diseases, or the threat thereof, could negatively impact an Advisory Client and its portfolio companies and could meaningfully affect an Advisory Client’s ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on an Advisory Client and its portfolio companies’ operational and financial performance will depend on many factors, including but not limited to the duration and scope of such public health emergency (as well as the availability of effective treatment and/or vaccination), the extent of any related travel advisories and voluntary or mandatory government or private restrictions implemented, the impact of such public health emergency on overall supply and demand, goods (including component parts and raw materials) and services, investor liquidity, consumer confidence and spending levels, the extent of government support and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. For this reason, valuations in this environment are subject to heightened uncertainty and subject to numerous subjective judgments even beyond what is traditionally the case, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified in order to effectively capture fair value in the midst of significant

volatility or market dislocation. The effects of a public health emergency may negatively impact the value and performance of portfolio companies, Advisory Client's ability to source, manage and divest investments (including but not limited to circumstances where potential transactions are already signed but not closed) and the Advisory Client's ability to achieve its investment objectives, all of which could result in significant losses to the Advisory Client. In particular, a public health emergency like the COVID-19 PHEIC may have a greater impact on leveraged assets.

Any such disruptions may continue for an extended and uncertain period of time.

In connection with the impacts of the COVID-19 PHEIC and any future such public health crisis, an Advisory Client is expected to incur heightened legal expenses which could similarly have an adverse impact to such Advisory Client's returns. For example, but not by limitation, an Advisory Client or its portfolio companies may be subject to heightened litigation and its resulting costs, which costs may be significant and are expected to be borne by an Advisory Client and/or its portfolio companies. There is also a heightened risk of cyber and other security vulnerabilities during the current public health emergency and any future one, which could result in adverse effects to an Advisory Client or the portfolio companies in the form of economic harm, data loss or other negative outcomes.

Market Conditions and Opportunities

An Advisory Client's strategy may in some investments be based, in part, upon the premise that businesses and assets will be available for purchase by the Advisory Client at prices that the general partner of the Advisory Client considers favorable. Furthermore, the Advisory Client's strategy relies, in part, upon the availability of investment opportunities, the continuation of existing market conditions or, in some circumstances, upon more favorable market conditions or anticipated investment opportunities existing prior to the termination of the term of such Advisory Client.

These conditions and opportunities may include, among others, continued growth in gross domestic product or foreign investment in or privatizations by a particular country, the existence of consolidation opportunities in a particular industry, the continuation of certain existing laws, regulations or government policies, divestiture by or other restructurings of conglomerates in certain countries or the continuation of certain unemployment, inflation, demographic and other trends. No assurance can be given that such conditions or opportunities will arise or continue, as applicable, or that businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of the general partner of the Advisory Client. Growth rates and other trends do not imply, forecast or predict future results.

Uncertain Geopolitical Events

International and / or local geopolitical events are likely to influence an Advisory Client's investments, including ongoing wars in Ukraine and the Middle East. Such geopolitical events, including, without limitation, war, national referenda, political elections, interest rates, fluctuations in oil and other energy prices, international violent and non-violent conflicts, terrorist attacks, humanitarian crises, political movements, reactions to national and international emergencies and the general uncertainty caused by any of the foregoing, can affect monetary policy, fiscal policy, international relations, currency valuations, legal systems and regulatory regimes, among numerous other things, in ways that could,

directly or indirectly, impact the Advisory Clients and its investments and / or their ability to operate and / or pursue their respective investment strategy. Because it is difficult to predict the ultimate impact of such geopolitical events on global economic and market conditions, the events present material uncertainty and risk with respect to an Advisory Client and the performance of its investments or operations, and the ability of an Advisory Client to achieve its investment objectives.

In February 2022, Russian President Vladimir Putin ordered the Russian military to invade Ukraine. Around the same time, the United States, United Kingdom, European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus, as well as a number of Russian oligarchs. Additional sanctions, export controls, and other measures continue to be adopted as the conflict continues. Given the ongoing nature of the conflict and the potential for ongoing escalation, it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to Advisory Clients and the performance of their investments or operations, and the ability of Advisory Clients to achieve their investment objectives. Furthermore, if after subscribing to an Advisory Client, an investor is included on a sanctions list, an Advisory Client may be required to cease any further dealings with the investor's interests until such sanctions are lifted or a license is sought under applicable law to continue dealings. Although CGCIM and its affiliates expend significant effort to comply with the sanctions regimes in the countries where it operates, one of these rules could be violated by an Advisory Client's activities or investors, which would adversely affect such Advisory Client.

Continuation of Trends and Conditions

The investment strategies of Advisory Clients and the availability of opportunities satisfying Advisory Clients' risk-adjusted return parameters may rely in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurances that the assumptions made or the beliefs and expectations currently held by CGCIM will prove correct and actual events and circumstances may vary significantly.

Availability of Financing

A combination of lack of liquidity and regulatory constraints on the amount of debt banks may extend for transactions in the capital markets may make it significantly more difficult for sponsors such as Carlyle to obtain favorable financing for investments and the financing that is available may be on significantly less favorable terms than had been prevailing in the past. Carlyle may be required to finance transactions with a greater proportion of equity relative to prior periods. General fluctuations in the market prices of securities may affect the value of the investments held by an Advisory Client. Instability in the securities markets may also increase the risks inherent in an Advisory Client's investments. The ability of Advisory Client investments to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, or to raise capital in the leveraged finance debt markets, which historically have been cyclical with regard to the availability of financing.

See risk factors above discussing market conditions and turmoil in the global financial markets for an additional discussion of the potential impact such market conditions may have on the availability of financing and credit to Advisory Clients and their potential or existing investments and portfolio companies.

Highly Competitive Market for Investment Opportunities

The activity of identifying, managing, monitoring, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty.

Potential competitors include, without limitation, other investment partnerships and corporations, merchant banks, business development companies, special purpose acquisition companies (“SPAC”), strategic industry acquirers, sovereign wealth funds, domestic and international public pension plans, the public debt and equity markets, individuals, financial institutions, industry groups and other financial investors investing directly or through affiliates, and an Advisory Client may be unable to identify a sufficient number of attractive investment opportunities for such Advisory Client to meet its investment objectives. Competitors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with a prospective issuer, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of an Advisory Client. Additional funds, vehicles and accounts with similar investment objectives may be formed in the future by Carlyle or by other unrelated parties.

Some of these competitors may have more relevant experience, greater financial and other resources and more personnel than Carlyle and CGCIM. There can be no assurance that an Advisory Client will be able to (i) locate, complete and exit investments which satisfy such Advisory Client’s target equity range, rate of return objectives, or realize upon their values, or (ii) invest fully its available capital. It is possible that competition for appropriate investment opportunities may increase, which may also require certain Advisory Clients potentially to participate in auctions more frequently. The outcome of these auctions cannot be guaranteed, thus potentially reducing the number of opportunities available to such Advisory Clients and potentially adversely affecting the terms, including price, upon which investments can be made. To the extent that the Advisory Clients encounter competition for investments, returns to investors may decrease. Further, it is possible that private equity sponsors unaffiliated with Carlyle may be reluctant to present financing opportunities to certain Advisory Clients because of their affiliation with Carlyle. Advisory Clients may incur bid, legal, due diligence and other costs on investments which may not be successful.

In addition, Carlyle’s investment strategies in certain sectors depend on its ability to enter into satisfactory relationships with joint venture partners or Operating Professionals. There can be no assurance that Carlyle’s current relationship with any such partner or Operating Professional will continue (whether on currently applicable terms or otherwise) with respect to the Advisory Clients, that the Advisory Clients will have access to such relationships, or that any relationship with other such persons will be able to be established in the future as desired with respect to any sector or geographic market and on terms favorable to the Advisory Clients.

Illiquid and Long-Term Investments; Certain Proceeds

An investment in an Advisory Client may require a long-term commitment with no certainty of return, and there most likely will be little or no near-term cash flow available to the investors. Many of an Advisory Client's investments will be highly illiquid, and there can be no assurance that an Advisory Client will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the investors. An Advisory Client's ability to realize an investment can be dependent on the public equity markets (*e.g.*, demand for new public offerings and security sales) and investments in publicly-traded securities are subject to restrictions under relevant securities laws (*e.g.*, Section 16 of the U.S. Securities Exchange Act of 1934, as amended). Although investments may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of such investment. In addition, in some cases an Advisory Client may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. To the extent that there is no liquid trading market for an investment, the Advisory Client may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of an Advisory Client's investment will be found. Even with respect to strategies in which investors have certain liquidity rights or rights to request redemption or withdrawal during the life of the fund pursuant to the terms of the fund, the general partner (or similar managing fiduciary) still has significant discretion to limit or restrict such liquidity rights, and therefore, no assurance can be given that investors can redeem or withdraw their investments.

In addition, the general partner of an Advisory Client may determine it is appropriate to forego certain amounts otherwise payable to it (for example, tax receivables) if the costs of continuing the Advisory Client (for example, annual audit expenses) exceed the amounts payable to the Advisory Client, or if the general partner of the Advisory Client determines that the likelihood of receiving such amounts are low, or the length of time it would take to receive such amounts do not justify the costs of continuing the Advisory Client. In addition, to the extent permitted by applicable law, for similar reasons, the general partner of an Advisory Client may determine to liquidate the Advisory Client prior to the receipt of tax receivables or other amounts, and if such amounts are received by such general partner or CGCIM following the complete liquidation of an Advisory Client, such party will determine in good faith how to dispose of such amounts (for example, escheat such amounts to the relevant investor(s) state(s), or donate such amounts to charity). Any liquidating trust established by an Advisory Client in connection with dissolving the Advisory Client may similarly only be available on terms whereby the liquidating trust is dissolved, and the assets therein are distributed in kind to the relevant investors, if the expected costs of continuing the liquidating trust would exceed its assets (or a set portion thereof).

Separately, although any proceeds received by Advisory Clients as a result of (i) any refinancing, recapitalization or restructuring of, or similar transaction involving, its portfolio company or investment or (ii) any extraordinary dividend (including dividends related to recapitalizations) paid by its portfolio company will be treated as "reduction in capital proceeds" pursuant to the terms of the governing agreement of such Advisory Client and will be distributed to partners of such Advisory Client pro rata based on their respective percentage interests in such investment, proceeds received by such Advisory Client primarily as a result of the sale or other disposition of a material asset, subsidiary or operating division of a portfolio company or from the operating cash flow of a portfolio company (regardless of the timing or amount of any prior proceeds received by such Advisory Client in respect of such portfolio

company) will be treated as disposition proceeds and current proceeds, respectively, as subject to the applicable waterfall provisions of the governing agreement of such Advisory Client.

Investments Longer than Term

Each Carlyle-sponsored investment vehicle may make investments that may not be advantageously disposed of prior to the date that the winding up of such investment vehicle commences, either by expiration of its term or otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds of the liquidation of the remaining assets to investors will occur. Such winding-up and final distribution may occur several years after the investment vehicle enters into dissolution.

Risk of Limited Number of Investments

An Advisory Client will generally only participate in a limited number of investments and because the Advisory Client's investments generally will involve a high degree of risk, poor performance by only a few of the investments could severely affect the total returns of such Advisory Client (which may be exacerbated by the use of leverage). See "*Investments in Highly Leveraged Companies; Use of Leverage; Risk of Borrowing by an Advisory Client*" below. In addition, other than as set forth in the applicable Advisory Client's governing documents (or investment management agreement in the case of a separately managed account or as required by applicable law), investors have no assurance as to the degree of diversification of an Advisory Client's investments, either by geographic region, industry, asset or transaction type. To the extent an Advisory Client concentrates investments in a particular issuer, industry, asset, security, geographic region, location in the capital structures of the issuers in which such Advisory Client invests or other measures, its investments will become more susceptible to fluctuations in value resulting from adverse economic, business or market conditions. Moreover, there are no assurances that all of an Advisory Client's investments will perform well or even return capital. Therefore, if certain investments perform unfavorably, for an Advisory Client to achieve above-average returns, one or a few of its investments must perform exceptionally well. There are no assurances that this will be the case.

Prior to the final closing date of an Advisory Client, the investment limitations, as well as certain borrowing limitations, may be applied at the time of a given investment (or a given borrowing) based on expected commitments to such Advisory Client. Therefore, when such Advisory Client makes an investment (or incurs a borrowing), it may calculate any investment restrictions and/or limitations (or applicable borrowing limitations) based on the assumption that it will have at least a certain amount of commitments by the final closing date of such Advisory Client. In the event that the aggregate commitments are less than such amount on by the final closing date, such Advisory Client may hold investments (or have leverage) in excess of the percentage of the then-current commitments specified in such investment restrictions and/or limitations (or such borrowing limitation). As a consequence, the aggregate return of such Advisory Client may be adversely affected by the unfavorable performance of one or a small number of investments.

Confidential or Material, Non-Public Information

By reason of their responsibilities in connection with other activities of Carlyle, certain CGCIM investment professionals may acquire confidential or material, non-public information concerning an

entity in which Advisory Clients have invested, or propose to invest, and the possession of such information may limit the ability of CGCIM and other investment advisers and personnel in Global Credit to buy or sell particular instruments of such entity on behalf of Advisory Clients, thereby limiting the investment opportunities or exit strategies available to the Advisory Clients. In addition, holdings in the instruments of an issuer by Carlyle or its affiliates may affect the ability of Advisory Clients to make certain acquisitions of or enter into certain transactions with such issuer.

GCM and separately-registered investment advisers affiliated with CGCIM may acquire commercially-sensitive, confidential or material, non-public information concerning an entity in which Advisory Clients of CGCIM have invested, or propose to invest, and the possession of such information may limit the ability of CGCIM to buy or sell particular securities of such entity on behalf of certain of its Advisory Clients, thereby limiting the investment opportunities or exit strategies available to the Advisory Clients of CGCIM. Certain information barriers have been introduced to limit the flow of such material, non-public information; however, this risk still exists, including in the context of advisory clients within Global Credit.

Carlyle has erected an information barrier to segregate the flow of material, non-public information between Global Credit and the rest of Carlyle (the “Global Credit Information Barrier”). The purpose of this information barrier is to mitigate potential conflicts of interest and address certain regulatory, legal and contractual requirements in order to minimize restrictions on collaboration between Global Credit and the rest of Carlyle. For example, if Carlyle comes into possession of material, non-public information, the information barrier protects the investment activities of Global Credit, on the one hand, and the rest of Carlyle, on the other hand, by preventing such information from being imputed from one business unit to the other.

As part of the Global Credit Information Barrier, a portion of the GCM team is permitted to receive certain material, non-public information in support of its capital markets activities; however, those GCM team members are not permitted to disseminate such information to the rest of Global Credit (thus minimizing the impact on investment activities for the rest of the Global Credit). From time to time Carlyle may permit an investment professional within Global Credit to participate in certain Carlyle-related investment advisory activities outside of Global Credit, and Carlyle further may, from time to time, adjust the parameters of the Global Credit Information Barrier to provide more discretion, including a narrowing of such information barrier, to Carlyle in its application of such information barrier or erect an information barrier within Global Credit. To the extent such investment professional acquires material, non-public information in connection with such activities Global Credit may be restricted from making certain investments.

The establishment and maintenance of the information barrier discussed above means Global Credit will generally not be able to use, act on or otherwise be aware of confidential information otherwise known by or in the possession of the rest of Carlyle (and vice-versa), and collaboration between personnel associated with Global Credit, on the one hand, and personnel of the rest of Carlyle, on the other hand, may be limited, reducing potential synergies.

Within Carlyle Aviation Partners, there is an information barrier affecting CASP, the purpose of which is to control the flow of material, non-public information to CASP.

At the same time, as discussed more fully in Item 10, (with the exception of an information barrier affecting CASP, described above) within Global Credit, there currently is no information barrier between supervised persons of CGCIM and other Carlyle-affiliated advisers that are part of the group (with the exception of CASP). Therefore, CGCIM may in some cases (i) elect to not take in confidential information that is otherwise available to it to avoid trading restrictions for certain Advisory Clients, or, (ii) be unable to trade on behalf of certain Advisory Clients because Global Credit is restricted from trading.

Carlyle has established and is expected to continue to establish, additional information barriers as needed, including with regards to certain investments of CIM's advisory clients in the financial services and insurance solutions sectors.

Compliance with Anti-Money Laundering and Know Your Customer Requirements

In response to increased regulatory concerns with respect to the sources of funds and sources of wealth used in investments and other activities, the general partner of an Advisory Client typically requests investors to provide documentation verifying, among other things, such investors' identity, source of funds and source of wealth used to purchase the interests of such Advisory Client. The amount and types of such information requested may vary depending on an Advisory Client's domicile (due to local regulatory requirements) and the investor's risk profile, and complying with such requests may be burdensome, inconvenient, and intrusive. The general partner of an Advisory Client may decline to accept a subscription on the basis of the information that is provided or if this information is not provided. The general partner of an Advisory Client may also refuse the transfer of interests in such Advisory Client if the person to whom the interests are to be transferred fails to meet the criteria and/or provide all documentation and information recommended or prescribed by anti-money laundering and know-your-customer laws, regulations and policies applicable to such Advisory Client. Requests for documentation and additional information may be made at any time during which an investor holds an interest in an Advisory Client, and often include periodic requests to update the general partner's files. Such general partner may be required (under, for example, the Bank Secrecy Act, as amended by Title III of the USA Patriot Act and the Corporate Transparency Act) to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. The general partner of an Advisory Client or its affiliates will take such steps as it determines in its sole discretion are necessary to comply with applicable law, regulation, orders, sanctions, directives or special measures. These steps may include prohibiting an investor from making further contributions of capital to an Advisory Client, temporarily holding on or depositing distributions or other funds or assets to which an investor would otherwise be entitled to in an escrow account or causing the exclusion of an investor from the Advisory Client.

Currency and Exchange Rate Risks

A portion of an Advisory Client's investments, and the income received by an Advisory Client with respect to such investments, may be denominated in foreign currencies. However, unless otherwise provided in an Advisory Client's governing documents, the books of an Advisory Client generally will be maintained and capital contributions to and distributions from such Advisory Client generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates, costs of conversion and exchange control regulations may materially adversely affect the U.S. dollar value of investments,

interest and dividends received by an Advisory Client, gains and losses realized on the sale of investments, and the amount of distributions, if any, to be made by an Advisory Client.

Interests in Advisory Clients may be denominated in different currencies. For example, a U.S. dollar-denominated Advisory Client and a Euro-denominated Advisory Client may invest in the same European transaction. Because currency-exchange rates can be volatile and fluctuate sharply, one Advisory Client may benefit from an exchange rate fluctuation, while another may not, creating the potential that one Advisory Client may benefit more from the same investment relative to another Advisory Client denominated in a different currency. Similar considerations apply in respect of a parallel or feeder fund of an Advisory Client that is denominated in a different currency than the main fund of an Advisory Client. Similarly, investors from any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. It should be noted that the fees, costs and expenses incurred by an investor in converting their local currency to U.S. dollars (if applicable) in order to meet capital calls will be borne solely by such investor and will be in addition to the amounts required by such capital call (and will not be part of or otherwise reduce an investor's capital commitments and/or unfunded capital commitments, as applicable).

Carlyle may enter into hedging transactions, if available, designed to reduce such currency risks with respect to an Advisory Client, but there can be no assurance that any such transactions would achieve their intended results. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Further, such hedging transactions could result in diminished returns (or increased losses on capital) to the extent overall returns are less than an Advisory Client's costs or losses associated with such hedging transactions. An Advisory Client may also experience gains attributable solely, or in large part, to favorable movements in exchange rates as of any date of valuation or realization of an investment, even despite relatively adverse performance of the relevant portfolio company.

Risks Associated with Hedging Transactions

In connection with the acquisition, financing, holding or disposition of certain investments or potential investments, an Advisory Client may employ hedging techniques designed to reduce certain risks, including, among others, the risk of adverse movements in interest rates, securities prices and currency exchange rates, but there will be no obligation to engage in such hedging activities. While such transactions may reduce certain risks, such transactions themselves entail certain other risks. Thus, while an Advisory Client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates, or the transactional fees associated with such mechanisms may result in a poorer overall performance for such Advisory Client than if it had not entered into such hedging transactions. These arrangements may also require the posting of cash collateral at a time when the Advisory Client has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, which may reduce the returns generated by the Advisory Client. The general partner of an Advisory Client may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills that are different than the skills used in selecting and monitoring investments.

There can be no assurance that any risk management procedure will be effective in reducing risks associated with the use of hedging techniques or that the use of such techniques by an Advisory Client will not result in poorer overall performance for an Advisory Client than if it had not utilized such techniques.

Managers of certain pooled investment vehicles with exposure in commodity interests may be required to register with the U.S. Commodity Futures Trading Commission (“CFTC”) as commodity pool operators (“CPOs”) and/or commodity trading advisors (“CTAs”) and become members of the National Futures Association (the “NFA”). In connection with their hedging/risk management (and other) swap activity, applicable Advisory Clients and their related general partners generally seek to rely on an exemption from registration available to entities with *de minimis* levels of swap exposure. However, to the extent that such swap activity exceeds these *de minimis* thresholds (or the Advisory Clients and their general partners otherwise fail to file for an applicable exemption), CIM, as the investment manager with respect to such Advisory Clients, may be required to register with the CFTC. In addition, as a result of their hedging/risk management (and other) swap activity, certain Advisory Clients or related entities also may be subject to a wide range of other regulatory requirements, such as: (i) potential compliance with certain commodities interest position limits or position accountability rules; (ii) administrative requirements, including recordkeeping, confirmation of transactions and reconciliation of trade data; (iii) mandatory central clearing and collateral requirements; and (iv) initial and variation margin requirements for uncleared swap transactions. Furthermore, any determination to cease or to limit holding or investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC and/or available exemptions may have an adverse effect on an Advisory Client’s ability to implement its investment objectives and to hedge risks associated with its operations.

Interest Rate Risks

Changes in interest rates may adversely affect an Advisory Client’s underlying investments and changes in the general level of interest rates can affect such Advisory Client’s income by affecting the spread between the income on its assets and the expense of its interest-bearing liabilities, as well as, among other things, the value of its interest-earning assets, the capitalization rate at which its assets are valued in the market and its ability to realize gains from the sale of assets. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the general partner of the Advisory Client or CGCIM. Any deterioration of the global debt markets, any possible future failures of financial services companies and/or a significant rise in market perception of counterparty default risk, interest rates and/or taxes may adversely affect the Advisory Client’s ability to generate attractive risk-adjusted investment returns. In order to seek to reduce the interest rate risk inherent in an Advisory Client’s underlying investments and capital structure, an Advisory Client may enter into interest rate transactions, including but not limited to interest rate swaps and caps. Depending on the state of interest rates in general, an Advisory Client’s use of interest rate transactions could enhance or harm the overall performance of the Advisory Client.

The London Inter-bank Offered Rate (“LIBOR”) and certain other interest rate “benchmarks” are the subject of national, international, and other regulatory guidance and proposals for reform. Most LIBOR settings are now transitioned to alternative near risk-free rates (“RFRs”) (but not all). This followed an announcement in 2017 by the FCA that the sustaining of LIBOR by the expert judgment of panel banks could not continue indefinitely, initiating the process to transition LIBOR to the RFRs.

From January 1, 2022, most LIBOR settings ceased to be published. The remaining, most liquid U.S. dollar LIBOR settings ceased to be published after June 30, 2023. On November 16, 2021, the FCA confirmed it will allow the temporary use of ‘synthetic’ sterling and yen LIBOR rates in all legacy LIBOR contracts (other than cleared derivatives) denominated in the relevant currencies until the end of 2022. This followed the announcement by the FCA on September 29, 2021, of its decision relating to a fair, transparent and appropriate way of calculating synthetic LIBOR, for the purposes of approximating what LIBOR might have been had it not been subject to permanent cessation and therefore remained available for use by market participants in their contracts.

For the most part, it is expected that many new financing arrangements entered into by an Advisory Client, its affiliates or their respective issuers will therefore likely reference an RFR as the applicable interest rate. The RFRs are conceptually and operationally different from LIBOR: for example, overnight rate RFRs may only be determinable on a ‘backward’ looking basis and therefore are only known at the end of an interest period, whereas LIBOR is a ‘forward’ looking rate. Moreover, certain RFRs (such as SOFR for U.S. dollar debt) are not yet well established in the market, and all RFRs remain novel in comparison to LIBOR, which has only recently been discontinued as described above. There consequently remains some uncertainty as to what the economic, accounting, commercial, tax and legal implications of the use of RFRs will be and how they will perform over significant time periods, particularly as market participants are still becoming accustomed to the use of such benchmarks. As a result, it is still possible that the use of RFRs may have an adverse effect on Advisory Clients and therefore investors.

The credit facilities of CGCIM’s Advisory Clients were amended on August 12, 2022, to refer only to RFRs. There may be difficulties with transitioning an existing financing arrangement from LIBOR to the applicable RFR. Such difficulties could adversely impact an Advisory Client and therefore its investors. The potential impact of wider conceptual and operational differences between LIBOR and RFRs, as described above, would also likely apply to remediation of these contracts in due course. In addition, higher borrowing costs may apply to an Advisory Client’s and/or its issuer’s (as applicable) financing arrangements following the transition to RFRs.

Therefore, prospective investors should be aware that the Advisory Client is likely to bear (directly and, through the exposures of its portfolio companies, indirectly) additional costs and expenses in relation to LIBOR discontinuation and the use of RFRs. Given the relative novelty of the use of RFRs in financial markets (as discussed in further detail above), the exact impact of the use of the RFRs remains to be seen. Further, to the extent that an Advisory Client, an affiliate or a portfolio company does enter into a LIBOR-linked financing arrangement, there may be further costs or other adverse effects incurred by the Advisory Client in relation to remediation of these to RFRs in due course.

Pay-to-Play Laws, Regulations and Policies

In light of controversies and highly-publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain

elected officials or candidates. Carlyle has adopted policies and procedures to account for these pay-to-play laws, regulations or policies, and to comply with the New York Attorney General's Public Pension Fund Reform Code of Conduct (the "Pension Fund Reform Code"), which governs Carlyle's interactions with U.S. public pension funds. If CGCIM, the general partner of an Advisory Client or their associated employees or affiliates fail to comply with the Pension Fund Reform Code or such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on an Advisory Client by, for example, providing the basis for the withdrawal of the affected government plan investor.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes, including new interpretations of existing laws and regulations, could occur during the term of a Carlyle-sponsored investment vehicle that may adversely affect such Advisory Client (or term of the applicable investment management agreement in the case of a separately managed account). The regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of investments held by an Advisory Client and the ability of such Advisory Client to effectively employ its investment and trading strategies. Increased scrutiny and newly-proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on CGCIM and may divert time and attention from portfolio management activities. For example, the interest payments on the indebtedness used to finance Advisory Client investments have historically been deductible expenses for income tax purposes, subject to limitations under applicable tax law and policy, and the availability of the deduction of certain interest expenses may be limited. Any change in such tax law or policy to eliminate or substantially limit these income tax deductions, as has been discussed from time to time in various jurisdictions, including the U.S., would reduce the after-tax rates of return on the affected investments, which may have an adverse impact on the financial results of affected Advisory Client investments.

There is a material risk that regulatory agencies in the United States, Europe, Asia or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the alternative asset management (including public or private markets) industry, or other changes that could adversely affect alternative investment firms and the funds they sponsor, including an Advisory Client. In addition, and in particular in light of the changing global regulatory climate, Advisory Clients may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market to potential investors, which may generally limit an Advisory Client's ability to raise capital and/or increase the costs and expenses borne by the investors in such Advisory Clients. Furthermore, the OECD has proposed changes to numerous long-standing principles through its base erosion and profit shifting project ("BEPS"). Several of the proposed measures, including measures covering treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements are potentially relevant to investment structures and could have an adverse impact on each Advisory Client and investors. In addition to BEPS, the EU (as defined below) has adopted the Anti-Tax Avoidance Directive that addresses many of the items of BEPS, including hybrid mismatch rules and interest deduction limitations, which such rules could have an adverse tax impact on Advisory Clients and investors. The Anti-Tax Avoidance Directive includes rules targeting reverse hybrids, and the domestic laws that implement them are extensive, complex and could apply to a wide range of scenarios. While certain countries have issued guidance on

the application of these rules, the impact of these rules and their application to our entities remains uncertain.

The OECD is also leading work on proposals based on two “pillars” involving the reallocation of taxing rights (“Pillar One”) and ensuring all companies pay a global minimum corporate tax (“Pillar Two”) which, if implemented, could fundamentally change the international tax system. There remains significant uncertainty as to the interaction of these rules and, subject to the development and implementation of both Pillar One and Pillar Two (including the details of any domestic legislation, double taxation treaty amendments and multilateral agreements that may be necessary to implement them), effective tax rates could increase for Advisory Clients or their subsidiaries or limited partners, including by way of higher levels of tax being imposed, possible denial of deductions, increased withholding taxes and/or profits being allocated differently.

Political leaders in the U.S. and certain European nations have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. For example, the U.S. government has recently imposed tariffs on certain foreign goods, including steel and aluminum and has more recently implemented export controls with regard to U.S. computer chip sales in China. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Other countries, such as Mexico, have threatened retaliatory tariffs on certain U.S. products. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of an Advisory Client and its portfolio companies. In particular, the U.S. and China have agreed to a partial trade deal with respect to their ongoing trade dispute. However certain issues remain unresolved, which is expected to be an ongoing source of instability, potentially resulting in significant currency fluctuations and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). Further, on October 7, 2022, the Bureau of Industry and Security (“BIS”) of the U.S. Department of Commerce released broad changes in export control regulations, including new regulations restricting the export to China of certain components and technology related to semiconductors. The new restrictions are lengthy and complex. While this dispute has had negative economic consequences on the U.S. markets, if trade-related issues persist, including as a result of geo-political tensions, there could be additional significant impacts on the industries in which an Advisory Client participates, the jurisdiction of portfolio companies/issuers and other adverse impacts on investments. In addition, trade disputes may develop between other countries, which may have similar or more pronounced risks and consequences for an Advisory Client or its portfolio companies/issuers.

Prospective investors in any Advisory Client should note that the outcome of presidential and other elections creates uncertainty with respect to legal, tax and regulatory regimes in which an Advisory Client and its portfolio companies, as well as Carlyle and its affiliates, will operate. In addition to the proposed legislation described above, any significant changes in, among other things, economic policy (including with respect to interest rates), the regulation of the asset management industry, tax law,

immigration policy and/or government entitlement programs could have a material adverse impact on such Advisory Client and its investments.

As an SEC-registered investment adviser, CGCIM is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws (including, without limitation, the obligation of CGCIM and its affiliates to make regulatory filings with respect to the Advisory Clients and its activities under the Advisers Act (including, without limitation, Form ADV or Form PF)). Relatedly, Carlyle may be required to provide certain information regarding some of the investors in the Advisory Clients to regulatory agencies and bodies in order to comply with applicable laws and regulations. In light of the heightened regulatory environment in which CGCIM and the Advisory Clients operate and the ever-increasing regulations applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for CGCIM and its affiliates and the Advisory Clients to comply with such regulatory reporting and compliance-related obligations.

These changes (including, without limitation, amendments to the SEC's Marketing Rule, 206(4)-1, which went into effect November 4, 2022) and any further increases in the regulations applicable to private investment funds generally, or an Advisory Client and/or CGCIM in particular, some of which are further described below, are expected to result in increased expenses, which may be material, associated with the Advisory Client's activities and additional resources of CGCIM being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for such Advisory Client's investors and/or have an adverse effect on the ability of such Advisory Client to effectively achieve its investment objective.

In May 2023 and February 2024, the SEC adopted amendments to Form PF, a confidential form relating to reporting by private funds and intended to be used for systemic risk oversight purposes (the "Form PF Amendments"). The Form PF Amendments represent a significant expansion of existing reporting obligations, including, disaggregating related fund vehicles in the filings and requiring CGCIM to report to the SEC the occurrence of certain fund-related and portfolio company events.

In addition, in August 2023, the SEC voted to adopt previously proposed new rules and amendments to existing rules under the Advisers Act (collectively, the "Private Funds Rules") specifically related to investment advisers and their activities with respect to private funds they advise. In particular, the Private Funds Rules will, among other changes, impose required quarterly reporting by private funds to investors concerning detailed information on performance, investments, adviser-compensation, fees and expenses, capital inflows and capital outflows; require registered investment advisers to obtain an annual audit for all private funds that meets the requirements of the existing U.S. Advisers Act custody rule; require registered investment advisers to obtain a fairness or valuation opinion and make certain disclosures, in connection with adviser-led secondary transactions (also known as GP-led secondaries); restrict advisers from engaging in certain practices unless they satisfy certain disclosure requirements and, in some cases, consent requirements, which practices include, without limitation, charging regulatory or compliance fees or expenses, or fees or expenses associated with an examination, of CGCIM or its related persons to private fund clients, seeking reimbursement for certain investigation-related expenses, reducing the amount of an Advisory Client's general partner's clawback, to the extent applicable, by actual, potential or hypothetical taxes applicable to an Advisory Client's general partner, borrowing from a private fund, making non-pro rata fee or expense allocations; restrict advisers from engaging in certain forms of preferential treatment to private fund investors related to liquidity and

information rights if they would be reasonably expected to have a material negative effect on other investors and otherwise require advisers to make certain disclosures regarding preferential treatment of investors; and prohibit an adviser from having a private fund bear the costs of any fees or expenses related to an investigation resulting in a court or governmental authority imposing a sanction for violating the Advisers Act. The Private Funds Rules also impose additional requirements on advisers to document their annual compliance reviews in writing and retain additional required books and records relating to private funds they advise. Although the legality of the Private Funds Rules is currently being challenged in federal court, it is uncertain whether this legal challenge will succeed.

While the full impact of the Private Funds Rules cannot yet be determined, it is generally anticipated that these rules will have a significant effect on private fund advisers, including CGCIM, and their operations, including by increasing regulatory and compliance costs and burdens and heightening the risk of regulatory inquiries and actions (including public regulatory sanctions). Advisory Clients are expected to bear (either directly or indirectly through its portfolio entities) certain regulatory and compliance costs relating to the Private Funds Rules, which could include (without limitation) fees, costs and expenses incurred in connection with preparing and distributing to investors the quarterly statements required by the rules, soliciting and obtaining from investors any consents required by the rules, providing investors with any notices or disclosures required by the rules and obtaining and distributing to investors fairness or valuation opinions in connection with adviser-led secondary transaction (including fees paid to third parties engaged by Carlyle or an Advisory Client to perform or assist with such actions or processes), which fees, costs and expenses could be expected to be material.

The SEC has also recently proposed other new rules and rule amendments under the Advisers Act in relation to: ESG categorization and reporting for private fund advisers; the safeguarding of client assets (which would amend and redesignate the existing Custody Rule); the outsourcing of certain functions by advisers to service providers; cybersecurity risk governance for advisers and broker-dealers; changes to Regulation S-P, which addresses privacy and breach notification requirements for certain covered institutions, including advisers, and the use of predictive data and associated conflicts of interest.

Any current or future proposed rulemakings or rule amendments by the SEC (“SEC Proposals”), if adopted, may result in material alterations to how Carlyle operates its business, as well as Carlyle’s implementation of the Advisory Client’s investment strategy, and there can be no assurance that such alterations will not have a material adverse effect on Carlyle, CGCIM and its affiliates, its Advisory Clients and Advisory Clients’ general partners, investments and/or investors. In particular, any SEC Proposals, including with modifications, could have a significant effect on registered investment advisers, including those to private funds, registered investment companies or business development companies, such as CGCIM, and their operations, including increasing compliance burdens and associated regulatory costs; increasing litigation risk; reducing the ability to receive expense or indemnification reimbursements; increasing the risk of regulatory action, fines, penalties, or public regulatory sanctions; increasing the cost and availability of reporting; and reducing the availability of service providers and counterparties and/or increasing the costs associated with obtaining and maintaining relationships with service providers and counterparties for Carlyle and its Advisory Clients. Such changes may also result in modifications to Carlyle’s practices and risk appetite in respect of Carlyle’s investment programs and other operations, which for example, could negatively impact decision-making and fund performance due to changes in indemnification standards. In addition, SEC Proposals with increased disclosure obligations are likely to result in CGCIM incurring higher costs if such new disclosure obligations require it to spend more time, hire additional personnel, or buy new

technology to comply effectively. Further, we note that in connection with certain of the SEC Proposals, if such proposals were to be enacted, they could also significantly increase the cost of insurance, or may even make such insurance coverage unavailable. To the extent permitted under the governing documents of an Advisory Client and applicable regulation, the incremental costs of compliance by Carlyle, the general partner of such Advisory Client and/or such Advisory Client with any new SEC rules, including without limitation the SEC Proposals, may be borne by the Advisory Client, which may be significant.

The SEC has also proposed numerous new and amended rules that would apply to market participants that Carlyle regularly interacts with, including broker-dealers' execution of trades and clearance and settlement of trades. If these proposed rules become effective, they could affect Carlyle's business by making it more costly financially or burdensome for Carlyle to engage in certain business transactions.

In January 2024, the U.S. Corporate Transparency Act and its beneficial ownership information reporting requirements (collectively, the "CTA") became effective, requiring certain legal entities to report beneficial ownership information to the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN"). The CTA will impose increased compliance costs, regulatory obligations and reporting burdens on CGCIM and its Advisory Clients.

In February 2024, FinCEN proposed a rule that would require registered investment advisers to, among other measures, adopt an anti-money laundering and countering the financing of terrorism ("AML/CFT") program and file certain reports with FinCEN. The proposed rule would also delegate authority to the SEC to examine registered investment advisers' and exempt reporting advisers' compliance with these requirements. If this proposal is adopted, it could impose additional regulatory obligations related to AML/CFT on CGCIM.

In June 2023, the Public Company Accounting Oversight Board proposed amendments to its auditing standards related to a company's noncompliance with laws and regulations that would affect all audits of publicly-traded companies, including Carlyle and certain portfolio companies. The proposal, if adopted, would impact the scope of the audit by significantly expanding the auditor's objectives related to compliance beyond what has traditionally been addressed in a financial statement audit and accordingly can be expected to require additional resources and increased costs to ensure compliance with the revised standards.

Additionally, increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of the general partner of an Advisory Client, and may furthermore place an Advisory Client at a competitive disadvantage to the extent that Carlyle is required to disclose sensitive business information.

Actions of the Committee on Foreign Investment in the United States

A number of jurisdictions have restrictions on foreign direct investment pursuant to which their respective heads of state and/or regulatory bodies have the authority to block or impose conditions with respect to certain transactions, such as investments, acquisitions and divestitures, if such transaction threatens to impair national security. In addition, many jurisdictions restrict foreign investment in assets important to national security by taking steps including, but not limited to, placing limitations on foreign equity investment, implementing investment screening or approval mechanisms, and restricting the employment of foreigners as key personnel. These U.S. and foreign laws could limit an Advisory

Client's ability to invest in certain businesses or entities or impose burdensome notification requirements, operational restrictions or delays in pursuing and consummating transactions. For example, the actions of the Committee on Foreign Investment in the United States ("CFIUS"), an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person and certain "other investments" by a foreign person in a U.S. business, including those that do not convey potential control, may adversely impact the prospects of an Advisory Client's portfolio companies in the context of mergers with, or acquisitions by, a foreign person. CFIUS may recommend that the President block such transactions or request a divestiture, or CFIUS may impose conditions on such transactions, including restrictions on the ownership, management and operation of assets or companies by non-U.S. persons, certain of which may materially and adversely affect an Advisory Client's ability to execute its investment strategy. In addition, the CFIUS process will continue to evolve. In particular, a set of reform measures known as the Foreign Investment Risk Review Modernization Act ("FIRRMA") was enacted in 2018, which broadens the jurisdiction of CFIUS with respect to certain investments. Such legislation could impact the ability of non-U.S. investors to participate in an Advisory Client's investments, which may impair such Advisory Client's ability to execute its investment strategy. FIRRMA expands the ability of CFIUS to review an Advisory Client's acquisition or disposition of certain investments including certain non-controlling investments by foreign persons over certain U.S. businesses, including those that do not convey potential control if the U.S. business (i) owns, operates, manufactures, supplies, or services critical infrastructure; (ii) produces, designs, tests, manufactures, fabricates, or develops one or more critical technologies; (iii) maintains or collects sensitive personal data of U.S. citizens that may be exploited in a manner that threatens national security; and (iv) acquisitions of real estate and leaseholds near U.S. military or other sensitive government facilities. Following the conclusion of the formal FIRRMA regulatory rule-making process in February 2020, parties are required to notify CFIUS at least 45 days before the closing of transactions that would result in foreign ownership of a "substantial interest" in a U.S. business where (i) the U.S. business involves critical infrastructure, critical technology, or sensitive personal data of U.S. citizens; and (ii) a foreign government has a "substantial interest" in a foreign party to the transaction. CFIUS implemented a mandatory filing requirement (the "Mandatory Regime") authorized by FIRRMA, that expanded CFIUS's jurisdiction by granting it the authority to review controlling and non-controlling "other investments" made by a foreign government, whether or not controlled by a foreign person, in a company involved in critical technologies for which a U.S. regulatory authorization would be required to transfer that critical technology to a foreign investor or a foreign person in the investor's ownership chain and which affords the foreign person (i) access to any material nonpublic technical information in the possession of the U.S. business; (ii) membership or observer rights on or the right to nominate an individual to a position on the board of directors or equivalent governing body of the U.S. business; or (iii) any involvement, other than through voting of shares, in substantive decision-making of the U.S. business regarding the use, development, acquisition or release of critical technology. Transactions subject to the Mandatory Regime are subject to mandatory declaration requirements. Although FIRRMA and the Mandatory Regime include certain exceptions for U.S. national managed investment funds, FIRRMA may increase the number of transactions involving any Advisory Client that would be subject to CFIUS review and investigation and the timing and substantive risks described above. The outcome of CFIUS's process may be difficult to predict, and there is no guarantee that, if applicable to a portfolio company, the decisions of CFIUS would not adversely impact an Advisory Client's investment in such company. An Advisory Client's governing document may include certain provisions that may require investors that are, or are instrumentalities of, a non-U.S. government to be excluded from participating in an investment that may be deemed sensitive from a national security perspective.

Further, in response to mounting national security concerns regarding foreign ownership of U.S. land, several U.S. states have recently enacted or proposed Foreign Ownership Laws in an effort to limit foreign ownership of real property. These Foreign Ownership Laws may impact an Advisory Client's ability to make a particular investment or impede or restrict syndication or sale of certain assets to certain buyers, all of which could adversely affect the performance of such Advisory Client and in turn, materially reduce such Advisory Client's revenues and cash flow. Across the United States, additional proposals to limit foreign ownership of real property are currently working their way through the legislative process, and it is expected that many such proposals will become law in the near future.

An Advisory Client's investments outside of the United States may also face delays, limitations, or restrictions as a result of notifications made under and/or compliance with these legal regimes and rapidly-changing agency practices. Other countries continue to establish and/or strengthen their own national security investment clearance regimes, which could have a corresponding effect of limiting an Advisory Client's ability to make investments in such countries. Heightened scrutiny of foreign direct investment worldwide may also make it more difficult for an Advisory Client to identify suitable buyers for investments upon exit and may constrain the universe of exit opportunities for an investment in a portfolio company. As a result of such regimes, an Advisory Client may incur significant delays and costs, be altogether prohibited from making a particular investment or impede or restrict syndication or sale of certain assets to certain buyers, all of which could adversely affect the performance of such Advisory Client and in turn, materially reduce such Advisory Client's revenues and cash flow.

Regulatory Approvals

Government entities may exercise their discretion to change or increase regulation of a portfolio company's operations, or to implement laws, regulations or policies affecting the portfolio company's operations, separate from any contractual rights they may have, in a manner that causes delays or adversely affects the operation of the business of such portfolio companies and/or the applicable Advisory Client's ability to effectively achieve its investment objectives. A portfolio company (or project) also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by a portfolio company or gains recognized by an Advisory Client on its investment in such portfolio company that could impact a portfolio company's business as well as such Advisory Client's return on investment with respect to such portfolio company. These same factors may limit the ability of such Advisory Client 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 such Advisory Client intends to pursue, all of which could adversely affect such Advisory Client's ability to fulfill its investment objectives. There can be no assurance that a portfolio company will be able to: (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals.

Cybersecurity Breaches, Identity Theft, Privacy Breaches and Other Threats

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. There has been an increase in the frequency and sophistication of the cyber and security threats that CGCIM faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target CGCIM because it processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Advisory Clients and personally identifiable information regarding investors, employees, and portfolio companies. For example, related to the Russia-Ukraine war, Russia has threatened significant cyber-attacks and other forms of cyberwarfare against military and civilian targets globally. Similarly, service providers of CGCIM or an Advisory Client, especially an administrator, may process, store and transmit such information. As a result, CGCIM may face a heightened risk of a security breach, online extortion attempt, or disruption with respect to this information resulting from an attack by computer hackers, foreign governments, cyber extortionists or cyber terrorists. If successful, these types of attacks on the Carlyle network or other systems could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in our business and damage to Carlyle's reputation. Carlyle suppliers, contractors, investors, and other third parties with whom Carlyle does business also experience cyber threats and attacks that are similar in frequency and sophistication. In many cases, Carlyle and CGCIM have to rely on the controls and safeguards put in place by their suppliers, contractors, investors and other third parties to defend against, respond to, and report these attacks.

Because employees and contractors may introduce vulnerabilities in systems by user error or if they are the target of "phishing," social engineering or other attacks through the firm's systems (including email), Carlyle has implemented a security awareness training program. The objective of this program is to inform Carlyle personnel of their responsibility for information security and includes quarterly online training, live awareness events and phishing simulations.

Carlyle's, its Advisory Clients' and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, security threats (including ongoing cybersecurity threats to and attacks on our information technology infrastructure), infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, systemic risk associated with cyber-kinetic warfare, terrorist attacks, catastrophic nation-state hacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, an Advisory Client and/or a portfolio company and/or issuer may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Carlyle's, its Advisory Client's and/or a portfolio company's operations 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), employees, and portfolio companies. A cybersecurity incident or data privacy breach could have numerous material adverse effects, including on the operations, liquidity and financial condition of an Advisory Client. Cyber

threats and/or incidents or data privacy breaches could cause financial costs from the theft of Advisory Client assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: costs related to regulatory intervention or fines (including under the European General Data Protection Regulation (the “GDPR”) and proposed SEC rules), litigation costs, costs of responding to regulatory inquiries settlement costs, compliance costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which could be materially adverse to an Advisory Client. Such a failure could harm Carlyle’s, applicable Advisory Client’s and/or a portfolio company’s reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and performance. The costs related to cyber or other security threats or disruptions or data privacy breaches may not be fully insured or indemnified by other means.

The service providers of Carlyle and its Advisory Clients are subject to the same electronic information security threats as Carlyle. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of any Advisory Client and personally identifiable information of the investors (and beneficial owners thereof) may be lost or improperly accessed, used or disclosed.

Climate Change Risks and Regulatory and Other Efforts to Reduce Climate Change

An Advisory Client may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the business and operations of an Advisory Client’s portfolio investments. Physical impacts of climate change may include increased storm intensity and severity of weather (*e.g.*, floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the portfolio investments of an Advisory Client may be vulnerable to the following, which can adversely impact its value: (i) risks of property damage; (ii) indirect financial and operational impacts from disruptions to the operations from severe weather; (iii) increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which a business is located, resulting in lower than expected demand for the products and services of such business; (iv) increased insurance claims and liabilities; increase in energy costs impacting operational returns; (v) changes in the availability or quality of water, food or other natural resources on a business depends; (vi) decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (*e.g.*, warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); (vii) incorrect long-term valuation of a business due to changing conditions not previously anticipated at the time of the investment; and (viii) other economic disruptions arising from the foregoing.

Carlyle and issuers in which Advisory Clients invest face a number of risks associated with climate change, including both transition and physical risks. The transition risks that could impact Carlyle and the issuers include those risks related to the impact of U.S. and foreign climate-and ESG-related legislation and regulation, as well as risks arising from climate-related business trends. Moreover, Carlyle and its Advisory Clients’ investments in portfolio companies are subject to risks stemming from the physical impacts of climate change.

New climate change-related laws and regulations, or interpretations of existing laws, may result in enhanced disclosure obligations that could negatively affect Carlyle and issuers in which an Advisory Client invest, and also materially increase Carlyle's regulatory burden. For example, California's recently-adopted climate disclosure laws will require entities meeting certain revenue threshold and operating requirements to disclose their Scope 1, 2 and 3 greenhouse gas emissions, along with climate-related risk reports, and a new rule adopted by the SEC would require registrants to disclose material climate-related risks, activities to mitigate that risk, oversight of climate-related risks, any material climate-related targets or goals, the financial statement impacts of severe weather events, and, for certain issuers, Scope 1 and 2 greenhouse gas emissions. Increased regulations generally increase the costs to Carlyle, an Advisory Client and the issuers, and those higher costs may continue to increase if new laws require additional resources, including spending more time, hiring additional personnel or investing in new technologies. Moreover, significant increases in regulatory compliance expenses may negatively impact an Advisory Client and the issuers. In particular, compliance with climate and other sustainability- or ESG-related rules in the EU, such as the Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive is expected to result in increased legal and compliance costs and expenses, which would be borne by Carlyle and an Advisory Client and/or the issuers. In addition, the issuers could face transition risk if carbon-related regulations or taxes are implemented. Even if not directly applicable, these and similar laws may have indirect effects on Carlyle, an Advisory Client and the issuers including with respect to exit considerations and market expectations for collecting and reporting sustainability-related information. There remains uncertainty as to how these laws will be applied and whether these laws will withstand pending and future legal challenges.

Future Investment Techniques and Instruments

An Advisory Client may employ investment techniques and invest in other instruments that such Advisory Client's general partner (or other similar managing fiduciary) believes will help achieve the Advisory Client's investment objective. Although such investment techniques or instruments are required not to violate specific investment restrictions or limitations for the Advisory Client, such investment techniques and instruments may not be specifically described in such Advisory Client's governing documents or offering materials. Such investments may also entail risks not described herein or in such Advisory Client's governing documents or offering materials. New investment strategies and techniques (which may include reliance on alternative data sources, artificial intelligence or machine learning) may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in unsuccessful investments and, ultimately, losses to an Advisory Client. In addition, any new investment strategy or technique developed by an Advisory Client may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment an Advisory Client.

Artificial Intelligence Technologies

Recent technological advances in artificial intelligence and machine learning technologies (collectively, "AI Technologies"), including, for example, the OpenAI ChatGPT application and internally-developed data analysis tools that rely on such artificial intelligence and machine learning technologies, create opportunities for Carlyle, Advisory Clients, investment vehicles and accounts and issuers/portfolio companies, as well as risks. Carlyle uses and is expected to expand its use of AI Technologies in connection with its business and investment activities and expects Advisory Clients' issuers/portfolio companies, service providers and investments will use such technologies and are expected to expand

their use of AI Technologies. Actual usage of such AI Technologies will vary across its business, funds and issuers/portfolio companies and investments and while Carlyle has adopted and expects to adjust usage policies and procedures governing the use of AI Technologies by its personnel, risks remain including misuse of such AI Technologies. To this end, an Advisory Client will pay and bear a portion of fees, costs and expenses for obtaining and maintaining such technology in connection with such AI Technologies, including for data providers (including related systems and services from such data providers and data management software) and costs of related information management systems, including development of such systems (whether maintained at Carlyle or otherwise) in connection with such AI Technologies. See also “Common Types of Expenses” in Item 5 above.

Further, AI Technologies are highly reliant on the collection and analysis of large amounts of data and complex algorithms, but it is not possible or practicable to incorporate all relevant data into models that AI Technologies utilize to operate. It is expected that the data in such models will contain a degree of inaccuracy and error, and potentially materially so, and that such data as well as algorithms in use could otherwise be inadequate or flawed, which would likely degrade the effectiveness of AI Technologies and could adversely impact Carlyle, Advisory Clients or their portfolio companies and investments to the extent they rely on the work product of such AI Technologies. The volume and reliance on data and algorithms also make AI Technologies, and in turn Carlyle, Advisory Clients and their issuers/portfolio companies and investments more susceptible to cybersecurity threats. In addition, Carlyle, Advisory Clients and their issuers/portfolio companies and investments could be exposed to risks to the extent they, their third-party service providers or any counterparties use AI Technologies in their business activities. Carlyle will not be in a position to control the manner in which third-party products are developed or maintained or the manner in which third-party services utilizing AI Technologies are provided. In addition, AI Technologies may be competitive with the business of an Advisory Client’s issuers/portfolio companies or increase the potential for obsolescence of an issuer’s/portfolio company’s products or services (particularly as the capabilities of AI Technologies improve) and accordingly, the increased adoption and use of AI Technologies may have an adverse effect on issuers/portfolio companies or their respective businesses.

Moreover, use of AI Technologies by any of the parties described in the previous paragraphs could include the input of confidential Carlyle information (including material, non-public information and personal information) by third parties in contravention of non-disclosure agreements or by Carlyle personnel or other related parties in contravention of Carlyle’s policies and procedures (or by any such parties in accordance with Carlyle policies, procedures and/or non-disclosure agreements), and in any case, could result in such confidential information becoming part of a dataset that is accessible by AI Technologies applications and users. The use of AI Technologies, including potential inadvertent disclosure of confidential Carlyle information, could also lead to legal and regulatory investigations and enforcement actions.

AI Technologies and their current and potential future applications including in the private investment and financial sectors, as well as the legal and regulatory frameworks within which they operate, continue to rapidly evolve, and it is impossible to predict the full extent of current or future risks related thereto. For example, if Carlyle were to share or license AI Technologies, including ones that include some degree of internal development, with investors, issuers, portfolio companies, or other third parties, such activity could introduce a number of additional risks to Carlyle, Advisory Clients, their issuers/portfolio companies and investments, or other users of such AI Technologies. Regulations related to AI Technologies may also impose certain obligations on organizations, and the costs of monitoring and

responding to such regulations, as well as the consequences of non-compliance, could have an adverse effect on organizations connected to Carlyle, CGCIM's Advisory Clients and their issuers/portfolio companies and investments. For example, the EU is in the process of implementing a new regulation applicable to certain AI Technologies and the data used to train, test and deploy them (the "EU AI Act"). Once in effect, the EU AI Act will impose material requirements on both the providers and deployers of certain AI Technologies, with infringements punishable by sanctions including fines of up to 7% of total annual worldwide turnover or 35 million euros (whichever is higher) for the most serious breaches. Preparing for and complying with the EU AI Act and other regulations related to AI Technologies could involve material compliance costs and/or adversely affect the operations or performance of Carlyle, CGCIM's Advisory Clients and their issuers/portfolio companies and investments.

Expedited Investment Decisions; Opportunistic Investments

Investment analyses and decisions by an Advisory Client general partner may be required to be undertaken on an expedited basis to take advantage of investment opportunities. While an Advisory Client will generally not seek to make an investment until its general partner has conducted sufficient due diligence to make a determination as to the potential risks of the investment and the underlying portfolio company, in such cases, the information available to such general partner at the time of making an investment decision may be limited. Therefore, no assurance can be given that such general partner will have knowledge of all circumstances that may adversely affect an investment. In addition, such general partner will from time to time involve independent consultants in connection with its evaluation and/or diligence of certain proposed portfolio companies. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and the Advisory Client may incur liability as a result of such consultants' actions.

Non-U.S. Investments

With any investment outside the United States, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war. For an Advisory Client that invests in a non-U.S. country, investments involve certain risks not typically associated with investing in companies that are organized, headquartered and principally operating in the United States, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which such Advisory Client's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between the U.S. and non-U.S. securities and credit markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries; (v) certain economic, social and political risks, including potential exchange-control regulations and restrictions on non-U.S. investments and repatriation of capital, the risks associated with political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation and adverse economic and political development; (vi) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities or instruments; (vii) differing, and potentially less well-developed or well-tested laws regarding creditor's rights (including the rights of secured parties), corporate governance, fiduciary duties and the protection of investors and intellectual property rights; (viii) differences in the legal and regulatory environment or

enhanced legal and regulatory compliance; (ix) political hostility to investments by foreign or private equity investors; and (x) less publicly available information.

Accounting, auditing, financial and other reporting standards, practices and disclosure requirements in certain of the countries in which an Advisory Client may invest are not equivalent to those in the United States and certain Western European countries and may differ in fundamental ways. Accordingly, information available to an Advisory Client, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable and less detailed than information available in more economically sophisticated countries and less information may be available to investors. As a result, an Advisory Client's due diligence activities may provide less information than due diligence reviews conducted in more developed countries. The lower standards of due diligence in certain countries will increase the risk related to the investments in these countries. While an Advisory Client will endeavor to conduct appropriate due diligence in connection with each of its investments, no guarantee can be given that they will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with an investment.

An Advisory Client's investments outside of the United States may also face delays, limitations, or restrictions as a result of notifications made under and/or compliance with foreign legal regimes and rapidly-changing agency practices. Other countries continue to establish and/or strengthen their own national security investment clearance regimes, including in response to U.S. encouragement of other countries to impose CFIUS-like regulations on foreign investment in certain sectors and assets on national security grounds, which could have a corresponding effect of limiting an Advisory Client's ability to make investments in such countries. For example, in April 2020, the Government of India issued Press Note 3, which requires prior government approval of all foreign direct investment by non-resident entities located in, or having beneficial owners in, countries that share a land border with India. While further clarity is expected from the Government of India the application of these rules may inhibit an Advisory Client's ability to consummate Investments in India and may require partial or full exclusion of investors from countries bordering India from such investments. As a result of such regimes, an Advisory Client may incur significant delays and costs or be altogether prohibited from making a particular investment, all of which could adversely affect such Advisory Client's ability to meet its investment objectives. The application such regimes may also lead to higher amounts of, or longer durations of, borrowings by an Advisory Client. Heightened scrutiny of foreign direct investment worldwide may also make it more difficult for an Advisory Client to identify suitable buyers for its investments upon exit and may constrain the universe of exit opportunities for its investment in a portfolio company. As a result, the above laws may prevent, delay, impede or restrict syndication or sale of an Advisory Client's assets to certain buyers.

Further, the U.S. President signed an Executive Order in August 2023 which establishes an outbound investment screening regime that is intended to regulate investment by U.S. persons into a "country of concern" relating to certain advanced technology sectors (the "Outbound Investment Screening Regime"). The Outbound Investment Screening Regime is currently undergoing a rulemaking process by the U.S. Department of the Treasury and is not expected to be implemented until final rules are promulgated. As initially proposed, the Outbound Investment Screening Regime would restrict or impose notification requirements with respect to certain investments in certain companies that are engaged in certain advanced technology sectors (initial proposals include semiconductors and microelectronics; quantum information technologies; and certain artificial intelligence systems). As a result of the Outbound Investment Screening Regime, an Advisory Client may incur significant delays

and costs, be altogether prohibited from making a particular investment, or impede or restrict syndication or sale of an Advisory Client's assets to certain buyers, all of which could adversely affect such Advisory Client's ability to meet its investment objectives.

In addition, an Advisory Client's investments in emerging markets may be subject to a greater risk of loss than investments in more developed and traditional markets (such as the United States and Europe). Emerging markets are more likely to experience inflation, currency and liquidity risks, geopolitical turmoil, policy changes and rapid changes in economic conditions than more developed and traditional markets. Emerging markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities. Predictions about general economic and market conditions are uncertain and the impact of such factors will be larger or smaller depending on the types of investments and the markets in which they trade.

Political Activities

An issuer in which an Advisory Client invests may, in the ordinary course of its business, make political contributions to elected officials, candidates for elected office or political organizations, hire lobbyists or engage in other permissible political activities in the U.S. and/or non-U.S. jurisdictions with the intent of furthering its business interests or otherwise. Issuers are generally not considered affiliates of Carlyle (and in some cases are not controlled by Carlyle), and therefore such activities are not subject to relevant policies of Carlyle and may be undertaken by an issuer without the knowledge or direction of Carlyle. In other circumstances, there may be initiatives where such activities are coordinated by Carlyle for the benefit of certain issuers. The interests advanced by an issuer through such activities may, in certain circumstances, not align with or be adverse to the interests of other issuers, the Advisory Client and/or its investors. The costs of such activities may be allocated among those issuers (and borne indirectly by the investors). While the costs of such activities will typically be borne by the issuers undertaking such activities, such activities may also directly or indirectly benefit other issuers, Advisory Clients, advisory clients and/or Carlyle. There can be no assurance that any such activities will be successful in advancing the interests of an issuer or otherwise benefit such issuer or the Advisory Client.

Social Unrest

Recent events concerning discrimination, race relations and inequality have led to protests, demonstrations, marches and other forms of political and social activism on a local, regional, national and international level as well as rioting in some instances. Such activism, which has ranged from peaceful to in some instances, violent, has resulted in curfews, the deployment of the national guard and other local and national interference, and could lead to increased political and social volatility and uncertainty, in particular to the extent such activity occurs within close proximity to any Advisory Client's investments. While the overall effect of such activism remains unknown, this type of volatility and uncertainty could materially and adversely impact the instruments and other assets in which the Advisory Client invests.

Risks from Operations of Other Portfolio Companies

It is possible that the activities of one portfolio company may have adverse consequences on one or more other portfolio companies or Advisory Clients, even in cases where the portfolio companies are held by different Carlyle-sponsored investment vehicles and have no other connection to each other. In

particular, the laws and regulations governing the limited liability of such companies vary from jurisdiction to jurisdiction, and in certain contexts (including, by way of example only, bankruptcy, environmental liabilities, consumer protection or pension / labor law matters) the laws of certain jurisdictions may provide not only for carve-outs from limited liability protection for the portfolio company that has incurred the liabilities, but also for recourse to assets of other entities under common control with, or that are part of the same economic group as, such company. For example, if one of Carlyle's investments is subject to bankruptcy or insolvency proceedings in a jurisdiction and is found to have liabilities under the local consumer protection laws, the laws of that jurisdiction may permit authorities or creditors to file a lien on, or to otherwise have recourse to, assets held by other Carlyle portfolio companies in that jurisdiction. A Carlyle portfolio company may be subject to law or regulation that limits the operations of its affiliates, which may be construed to include any Advisory Client and its portfolio companies. For example, the acquisition of or operations of a Carlyle portfolio company may require an Advisory Client or its portfolio company to divest certain assets or businesses or to cease servicing certain clients (particularly government clients). There can be no assurance that any Advisory Client will not be adversely affected as a result of the foregoing risks.

Industry-Specific Investments

For an Advisory Client that invests in a particular industry, investments involve certain additional material risks. For example, the communications and technology industries, are heavily regulated. Other more highly regulated industries may include energy, power, natural resources, healthcare, life sciences, financial services (including banking and mortgage servicing), insurance and also businesses that primarily serve customers that are governmental entities, including in the defense industry. In particular, financial services institutions are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. The profitability of the financial services industry may be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal or other policies that are adopted by various governmental authorities and international bodies. Monetary policies have had, and will continue to have, significant effects on the operations and results of financial services institutions. In addition, the financial services industry is highly dependent on communication and information systems and is exposed to many types of operational risks. Furthermore, financial services institutions operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities.

Unionized Labor

Additionally, certain portfolio companies may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of

renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have an adverse effect on its business, results of operations and financial condition.

Sustainability Risks

Certain Advisory Clients will be exposed to potential sustainability risks which such Advisory Clients will address as follows. Before any investment decisions are made in respect of applicable Advisory Clients, the portfolio manager of such Advisory Client via the team of investment professionals associated with the portfolio manager who perform the investment sourcing and execution activities with respect to such Advisory Client (the "Deal Teams") will identify the material risks associated with the proposed investment. These risks form part of the overall investment proposal submitted to the investment committee for such Advisory Client, which is a committee of senior professionals that meets on an as-needed basis to review all investment activity recommended to such Advisory Client, and the CGCIM AIFM of such Advisory Client, if applicable, and as the case may be, recommend to proceed via an Investment Committee memo, and monitor the portfolio ("Investment Committee"). The Investment Committee will assess the identified risks alongside other relevant factors set out in the proposal and will approve (or disapprove) the investment proposal. The portfolio manager of the applicable Advisory Client will then review the proposal and determine if it is suitable for such Advisory Client, in which case such portfolio manager will authorize the investment opportunity on behalf of such Advisory Client and the board of managers of such Advisory Client will ultimately make the investment decision. During this process, sustainability risks will be identified and assessed using the same process as is applied to other relevant risks affecting such Advisory Client. The assessment of sustainability risks is led by the Deal Teams with support from Carlyle's dedicated in-house sustainability team, and in certain instances, third-party providers with expertise in specific sustainability risks. The applicable Advisory Client's AIFM risk management function will also include sustainability risk as part of its assessment of the risk profile of each investment in accordance with such AIFM's responsibility for risk management of such Advisory Client.

The specific investment decision-making on behalf of the applicable Advisory Client, as outlined above, is part of Carlyle's wider policies and procedures on the integration of sustainability risks in its decision-making process in relation to its funds generally. As part of that process, Carlyle may determine that sustainability risks are potentially relevant to certain Advisory Clients having regard to the types of investments that may be made in accordance with its investment policy and objectives. There can be no guarantee that Carlyle will successfully identify and mitigate all material risks. Diversification of an Advisory Client's investments will help mitigate the potential impact on returns of any single sustainability risk. In any instances where the applicable Advisory Client's portfolio manager identifies sustainability risks that are more widespread, such portfolio manager will take broader action to mitigate such risks.

As described above, a portfolio manager of the applicable Advisory Client will consider sustainability issues, including environmental and/or social issues, that represent potential or actual material risks to such Advisory Client's investments. The identification and assessments of risks, including sustainability risks, will be made on an investment-by-investment basis by such portfolio manager.

ERISA Considerations

Operating a Carlyle-sponsored investment vehicle as a “venture capital operating company” (“VCOC”) within the meaning of the regulations promulgated under Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), as modified by Section 3(42) of ERISA (the “Plan Asset Regulations”) would require that such investment vehicle obtain rights to substantially participate in or influence the conduct of the management of a number of its portfolio investments. The designation of directors and other measures contemplated could expose the assets of such investment vehicle to claims by a portfolio company, its security holders and its creditors.

In the event a Carlyle-sponsored investment vehicle is operated to qualify as a VCOC or a “real estate operating company” (“REOC”) within the meaning of the Plan Asset Regulations in order to avoid holding “plan assets” within the meaning of ERISA and the Plan Asset Regulations, such investment vehicle may be restricted or precluded from making certain investments. In addition, it could be necessary to liquidate investments at a disadvantageous time in order to avoid holding “plan assets,” resulting in lower proceeds to such investment vehicle than might have been the case without the need to qualify as a VCOC or REOC. This is particularly the case in circumstances where an Advisory Client’s portfolio includes a substantial amount of distressed debt investments, which typically do not qualify as “venture capital investments” for purposes of determining the VCOC status of such Advisory Client.

Risk Arising from Potential Control Group Liability

Under ERISA, any entity that is a “trade or business” within a “controlled group” can be liable for certain ERISA Title IV pension obligations of any other member of the controlled group. In addition, in the case of a plan termination, the U.S. Pension Benefit Guaranty Corporation (“PBGC”) can assert a lien against any member of the controlled group of up to 30% of the collective net worth of all members of the controlled group. A “controlled group” generally requires 80% or greater common ownership applying specified constructive ownership and exclusion rules and in certain circumstances not generally applicable to entities like an Advisory Client, could include other “brother-sister” commonly controlled arrangements.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors, including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements.

If an Advisory Client were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by such Advisory Client and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by such Advisory Client, with a resulting need for additional capital contributions, the appropriation of Advisory Client assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Advisory Client assets. Moreover, regardless of whether or not the Advisory Client were determined to

be a trade or business for purposes of ERISA, a court might hold that one of the Advisory Client's portfolio companies could become jointly and severally liable for another portfolio company's unfunded pension liabilities pursuant to the ERISA "controlled group" rules, depending upon the relevant investment structures and ownership interests as noted above.

European Union Alternative Investment Fund Managers Directive

The European Union ("EU") Alternative Investment Fund Managers Directive (the "AIFMD"), as transposed into national law within the member states of the European Economic Area (the "EEA"), regulates and imposes regulatory obligations on alternative investment fund managers ("AIFMs") that market alternative investment funds ("AIFs") to professional investors within the EEA. The AIFMD has been retained and transposed within the national law of the UK pursuant to the Alternative Investment Fund Managers Regulation 2013, as amended, including by the European Union (Withdrawal) Act 2019 and the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018 ("UK AIFM Law"). The UK AIFM Law regulates AIFMs established in the UK that manage or market AIFs, and non-UK AIFMs that market AIFs within the UK. The CGCIM AIFM, an affiliate of CGCIM organized in Luxembourg, acts as an EEA AIFM with respect to certain Carlyle AIFs and certain other Carlyle entities, including CGCIM, act as non-EEA / non-UK AIFMs with respect to other Carlyle AIFs. Both the CGCIM AIFM and the Carlyle entities that act as non-EEA / non-UK AIFMs are in scope of the AIFMD's requirements and the requirements of the UK AIFM Law to varying degrees.

The AIFMD and the UK AIFM Law could have an adverse effect on CGCIM and any Advisory Client by, among other things, increasing the regulatory burden and costs of doing business in the EEA and the UK. Except in limited circumstances, a non-EEA AIFM marketing its AIF to prospective EEA and UK investors will be required to satisfy extensive disclosure obligations, including periodic disclosures to EEA regulators and the FCA. The AIFMD and the UK AIFM Law could also limit CGCIM's operating flexibility and the Advisory Client's investment opportunities.

The general partner of certain Advisory Clients has formed parallel AIFs in Luxembourg primarily to facilitate the participation of investors in the EEA (and prior to its departure from the EU, the UK) under the AIFMD. Control over portfolio management is retained by CGCIM, as the CGCIM AIFM has delegated its portfolio management and marketing functions to CGCIM.

The CGCIM AIFM is subject to the requirements of the AIFMD, such as rules relating to remuneration, minimum regulatory capital requirements, restrictions on the use of leverage, requirements in relation to liquidity, risk management, valuation of assets, etc. As a delegate undertaking portfolio management for an authorized AIFM, CGCIM is also subject to certain remuneration requirements similar to those applicable to the CGCIM AIFM. Any required changes to compensation structures and practices could make it harder for CGCIM to recruit and retain key personnel.

Where a Carlyle AIF pursues a strategy of acquiring control of non-listed companies and issuers established in the EEA or in the UK, the AIFMD and the UK AIFM Law restricts any distribution, capital reduction, share redemption and/or acquisition of shares for a period of 24 months following the acquisition of the company (these are the so-called "asset stripping" rules). These rules apply to the CGCIM AIFM (as an authorized EEA AIFM) and to a non-EEA / non-UK AIFM marketing under the EEA / UK national private placement regimes.

Under the UK AIFM Law, a non-UK AIFM marketing an AIF in the UK is subject to the minimum requirements of article 42 of the UK AIFM Law. This includes certain initial and on-going disclosure and reporting obligations.

To the extent that Carlyle relies on a non-EEA / non-UK AIFM marketing a Carlyle AIF under national private placement regimes, certain member states of the EEA apply more stringent measures, such as requiring a depositary; while other member states have chosen not to allow non-EEA AIFMs to market AIFs in their territory at all. The AIFMD could adversely impact Advisory Clients in these circumstances by, among other things: (i) limiting the territories in the EEA in which Carlyle is able to market its funds to investors; (ii) limiting an Advisory Client's investment opportunities and Carlyle's operating flexibility both internally and with respect to investments made by the Advisory Client; (iii) exposing an Advisory Client and/or its manager to conflicting regulatory requirements in the United States and one or more member states of the EEA or the UK; (iv) constraining an Advisory Client's ability to carry out its investment approach, which may make it more difficult to achieve its investment objectives; and (v) materially increasing the costs of doing business in the EEA and the UK.

On November 10, 2023, the European Commission published a near-final directive amending the AIFMD, commonly referred to as "AIFMD II." It is expected that the final text of AIFMD II will be formally agreed in early 2024. Assuming this is the case, most of the changes will come into effect in 2026, subject to some grandfathering periods for certain requirements. AIFMD II imposes a number of amendments to the AIFMD, including more onerous delegation requirements, enhanced substance requirements, additional liquidity management provisions for AIFMs to the extent that they manage open-ended AIFs, and revised regulatory reporting and investor disclosures requirements. The directive also imposes significant new requirements relating to the activities of funds that originate loans (which may affect a number of Advisory Clients), including new restrictions on the structure that such Advisory Clients may take and leverage limits for Advisory Clients with material loan origination activities.

In addition, AIFMD II introduces new conditions for non-EEA AIFMs, such as certain of our U.S. affiliates, to be able to make use of the national private placement regimes of EEA states, including a condition that the jurisdiction of neither of the AIFM and AIF have been identified as non-cooperative third countries for tax purposes nor deemed by the EU not to comply fully with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and thereby to ensure an effective exchange of information in tax matters. This gives rise to a risk that certain of our AIFs may not be able to take advantage of such regimes to raise capital from EEA investors, potentially with little notice.

European Market Infrastructure Regulation

Following the financial crisis of 2007/08, the G20 agreed on a program for reforming OTC derivative trading consisting of moving standardized OTC derivatives onto exchanges, clearing standardized OTC derivatives through central counterparties, reporting OTC derivative contracts to trade repositories, and implementing risk mitigation techniques for non-centrally cleared OTC derivative contracts.

In the European Union, the G20's program was implemented through Regulation EU 648/2012 on OTC Derivatives, Central Counterparties and Trade Repositories ("EMIR"). EMIR introduced the following obligations for trading counterparties: mandatory clearing of standard OTC derivatives; mandatory reporting to trade repositories; and mandatory risk mitigation techniques for non-centrally cleared trades.

EMIR forms part of the body of EU law retained in the UK by virtue of the European Union (Withdrawal) Act 2018) (“EUWA”) in relation to entities and dealing with UK counterparties.

Under the revised Markets in Financial Instruments Directive and its accompanying Regulation and regulatory technical standards (“MiFID II”, which is also retained in the UK by virtue of the EUWA), since January 2018, certain classes of derivatives are also subject to a mandatory trading obligation. Of the classes of derivatives declared subject to the clearing obligation under EMIR, MiFID II requires such derivatives, or a subset of that class of derivatives, to be traded on approved trading venues, such as a regulated market, a multilateral trading facility, an organized trading facility or a third country trading venue deemed to be equivalent by the European Commission.

An entity’s obligations under EMIR depend on its categorization, in particular, whether it is a “financial counterparty” or a “non-financial counterparty”. A financial counterparty is broadly a firm authorized under one of the financial market directives, *e.g.* a MiFID investment firm, a credit institution, an insurance company, a UCITS fund, or either an AIF established in the EEA or an AIF managed by an authorized alternative investment fund manager (AIFM). A non-financial counterparty is an entity established in the EEA which is not a financial counterparty.

Financial counterparties and non-financial counterparties are further divided into those which have entered into derivatives having a notional value above certain specified thresholds and those which do not. All financial counterparties are subject to certain risk mitigation techniques, including the margining requirements. Non-financial counterparties are also subject to risk mitigation techniques, but are only subject to the margining requirements once exceeding one of the specified thresholds.

Following changes to EMIR in June 2019, a non-EEA AIF managed by a non-EEA AIFM is considered to be a financial counterparty – which means it is subject to the clearing obligation (if above the clearing threshold) and the other risk mitigation techniques for non-centrally cleared derivatives, including margining if entering into a derivative transaction with a counterparty within the scope of EMIR. Similar rules apply in the UK in relation to non-UK AIFs managed by non-UK AIFMs. Prospective investors should be aware that the regulatory changes arising from EMIR and other reforms under MiFID may in due course significantly raise the costs of entering into derivative contracts with counterparties in the EEA or the UK and may adversely affect an Advisory Client’s ability to engage in transactions in derivatives including hedging transactions.

ESG and Sustainable Finance Regulation

New regulatory initiatives related to ESG and sustainable finance that are or will be applicable to CGCIM, the CGCIM AIFM, the Advisory Clients, and their portfolio companies could adversely impact Carlyle’s business. In 2018, the European Commission adopted an “action plan on financing sustainable growth” (the “Action Plan”). The Action Plan is, among other things, designed to define and reorient investment towards more sustainable economic activities. The Action Plan contemplates, among other things, creating an EU green bond standard and establishing EU labels for green financial products, clarifying asset managers’ and institutional investors’ duties regarding sustainability in their investment decision-making processes, increasing disclosure requirements in the financial services sector around sustainability, increasing the transparency of companies on their ESG policies and related processes and management systems, and introducing a “green supporting factor” in the EU prudential rules for banks and insurance companies to incorporate climate risks and other environmental factors into banks’ and

insurance companies' risk management policies.

On June 22, 2020, the Official Journal of the European Union published a classification system that establishes a list of environmentally sustainable economic activities and sets out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, "Taxonomy Regulation"). The Taxonomy Regulation, among other things, introduced mandatory disclosure and reporting requirements and supplements the framework set out in the Sustainable Financial Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, "SFDR"), which requires certain disclosures in relation to whether and, if so, how sustainability risks and negative impacts on environmental and social factors are taken into account in the investment process and the likely impacts of sustainability risks on the returns of the financial products. Financial products that have as their objective "sustainable investment" or that promote binding environmental or social characteristics are required to disclose that objective or those characteristics in pre-contractual disclosures required pursuant to the AIFMD and report on an ongoing basis their performance in achieving that objective or those characteristics in periodic reports produced pursuant to the AIFMD. In addition, if a financial product does not promote environmental or social characteristics or does not have as its objective "sustainable investment," the information to be disclosed in accordance with applicable sectoral legislation must also be followed by a statement indicating that the financial product does not take into account EU criteria for environmentally sustainable economic activities. The disclosure requirements in the SFDR are supplemented by Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 (commonly referred to as the "RTS"), which requires enhanced disclosures in pre-contractual documents, on websites and in periodic reports. Proposed revisions to the RTS were proposed by the European Supervisory Authorities on December 4, 2023. It is currently unclear whether these proposals will be adopted by the European Commission. If the proposals are adopted this is likely to add further complexity to compliance with SFDR.

On September 14, 2023, the European Commission launched a consultation on SFDR in the form of a questionnaire, to gather information from stakeholders on the current implementation of the SFDR and to seek views on potential future changes to the regime (commonly referred to as "SFDR II"). No final proposals have yet been set out but the consultation could lead to further changes to the SFDR. It is unclear to what extent any such changes could impact CGCIM or the Advisory Clients and/or whether transitional relief would be made available for funds or other financial products in existence prior to the date of such changes. It is unclear as to how any such future changes could impact CGCIM and/or the CGCIM AIFM's ability to manage an Advisory Client in line with its investment strategy or as to what additional costs could be borne by the Advisory Clients. The consultation did not contain much by way of policy suggestions or draft amendments and, although the scope of questions gave some indication of the European Commission's thinking on reform, there is no guarantee that CGCIM's current approach to compliance will meet future regulatory requirements, reporting frameworks, or best practices, which could increase the risk of related enforcement actions.

These regulatory developments may impact CGCIM, the CGCIM AIFM and/or any Advisory Client they manage, by, among other things, requiring certain firm-level disclosures on Carlyle's website relating to how sustainability risks are integrated into investment processes, consideration of adverse impacts of investment decisions on sustainability factors and transparency of remuneration policies on

the integration of sustainability risk, as well as inclusion of certain information in pre-contractual and periodic disclosures required pursuant to the AIFMD. Carlyle has been working with external counsel to prepare such disclosures and to ensure that relevant internal teams understand the investor relations and other implications of product categorization and reporting. In respect of public website disclosure requirements for private funds, Carlyle intends to continue to comply with and monitor EU public transparency requirements while also complying with securities offering laws, such as the Securities Act.

Commission Delegated Regulation (EU) 2021/1255 amends Delegated Regulation (EU) 231/2013 to require that sustainability risks are integrated into the investment decision-making, risk management, and compliance functions and processes of EU AIFMs. These requirements became effective and have applied since August 2022. Commission Delegated Regulation (EU) 2021/1253, amending Regulation (EU) 2017/565, requires, among other things, certain firms to carry out a mandatory assessment of the sustainability preferences of clients, integrate sustainability into risk management policies, and consider sustainability factors in the product approval and governance process, which also became effective and have applied since August 2022.

There is a risk that a significant reorientation in the market following the implementation of these sustainable finance regulations and further measures could be adverse to an Advisory Client's portfolio companies/issuers if they are perceived to be less valuable as a consequence of, among other things, their carbon footprint or allegations or evidence of "greenwashing." There is also a risk that market expectations in relation to the SFDR categorization of financial products could adversely affect Carlyle's ability to raise capital.

Moreover, on January 5, 2023, the Corporate Sustainability Reporting Directive ("CSRD") came into force. Broadly, CSRD amends and strengthens the rules introduced on sustainability reporting for companies, banks, and insurance companies under the Non-Financial Reporting Directive (2014/95/EU) ("NFRD"). CSRD will require a much broader range of companies to produce detailed and prescriptive reports on sustainability-related matters within their financial statements, including large EU companies (including EU subsidiaries of non-EU parent companies), EU and non-EU-companies (including small and midsize enterprises) with listed securities on EU-regulated markets (except micro-undertakings) and non-EU companies with significant turnover and a legal presence on EU markets. The reporting requirements were phased in from 2024, with the first reports including audited information on sustainability-related matters being published in 2025 to cover the 2024 fiscal year. There is still uncertainty around the specific requirements of CSRD reporting as the sector-specific reporting standards under CSRD are still due to be published within delegated acts and only the draft standards are currently available. There can be no assurance that adverse developments with respect to such risks will not adversely affect assets held by an Advisory Client in certain countries or the returns from these assets.

In the UK, the FCA has introduced a regulatory framework that focused on implementing the recommendations of the Financial Stability Board Taskforce on Climate-related Financial Disclosures ("TCFD"), in particular, by introducing mandatory TCFD-aligned disclosure requirements for certain FCA authorized firms. These rules are set out in the ESG Sourcebook in the Business Standards section of the FCA Handbook of Rules and Guidance ("ESG Sourcebook"). The rules capture certain asset managers including, so far as relevant, certain private fund advisors such as CECP and investment portfolio managers such as CELF, as well as insurers and FCA-regulated pension providers. There is a

phased approach to the implementation of these rules. For the largest in-scope firms (those with over £50 billion in AUM calculated as a 3-year rolling average), the rules applied beginning January 1, 2022, with the first public disclosures required by June 30, 2023. For those below this threshold but above £5 billion in AUM (calculated as a 3-year rolling average), the rules applied beginning January 1, 2023, with disclosures to be made by June 30, 2024.

On November 28, 2023, the FCA published final rules and guidance for sustainability disclosure requirements (“SDR”) and sustainability labels for investment products, which specifies, among other requirements, an anti-greenwashing rule and sustainability-related disclosure requirements in respect of certain financial products and firms. The new rules have been added to the ESG Sourcebook and focus on UK managers and UK-managed funds and do not cover overseas managers or products marketed in the UK. However, the FCA has indicated that it intends to undertake a further consultation on expanding the scope of these requirements potentially to cover portfolio managers (particularly discretionary wealth management services, although the scope of the extension is unclear and could be much broader), overseas products, and pension products, which could capture more substantively Carlyle’s UK advisors and non-UK entities in future. The only rule under SDR that applies to all FCA-regulated firms is the new anti-greenwashing rule, which applies when communicating with or approving financial promotions directed at UK clients from May 31, 2024. This regime diverges from other international sustainability-related disclosure regimes, including the EU SFDR and the SEC proposals. Carlyle is monitoring these developments, particularly how they may impact Carlyle’s businesses. Additional regulatory costs may be incurred if following an extension, SDR materially applies to Carlyle’s UK authorized entities and/or funds in future. Such new rules may also have an impact on an Advisory Client’s investment strategy and financial return, as a result.

Compliance with sustainable finance frameworks of this nature, including the Taxonomy Regulation, the SFDR and CSRD, has and will continue to create an additional compliance burden and increased legal, compliance, governance, reporting and other costs to CGCIM, Advisory Clients and their portfolio companies because of the need to collect certain information to meet the disclosure requirements, the need to update or develop new policies and processes to meet regulatory requirements and associated ESG commitments, claims, and initiatives and changes to the manner in which CGCIM, Advisory Clients or, their portfolio companies/issuers conduct business. In addition, where there are uncertainties regarding the operation of sustainable finance frameworks, a lack of official, conflicting, or inconsistent regulatory guidance, a lack of established market practice, and/or data gaps or methodological challenges affecting the ability to collect relevant data, CGCIM, Advisory Clients and their portfolio companies may be required to engage third-party advisors and/or service providers to fulfill the requirements, thereby exacerbating any increase in compliance burden and costs.

In this respect, sustainable finance initiatives continue to evolve rapidly, and it is not possible at this stage to fully assess how Carlyle’s business will be affected with certainty. Carlyle continues to monitor developments in relation to EU sustainable finance as well as corporate sustainability reporting and proposals for laws requiring due diligence of supply chains. Guidance from EU policymakers and financial supervisors changes frequently. CGCIM, its Advisory Clients and their portfolio companies are subject to a risk that similar measures might be introduced in other jurisdictions in which CGCIM or Advisory Clients or their portfolio companies currently have investments or plan to invest in the future. Without legal certainty regarding the application of the above and future regulations, it is also difficult to assess the costs of compliance by the Advisory Clients. Resources will need to be allocated to determine the impact of the new regulatory framework and, to the extent applicable, creating an

additional compliance burden and reporting costs.

Data Protection Regulation

Laws and regulations related to privacy, data protection and information security could increase costs, and a failure to comply with applicable laws and regulations could result in fines, sanctions or other penalties. Investments of the Advisory Clients are subject to regulations related to privacy, data protection and information security in jurisdictions in which they conduct business. As these regulations are implemented, interpreted and applied, compliance costs may increase for the Advisory Clients and their investments.

Legislators and regulators around the world identify data security and privacy as top priorities. As a result, an Advisory Client and its portfolio companies will be subject to an increasing variety of federal, state, local, and international laws, directives, and regulations, as well as contractual obligations, relating to the collection, use, retention, security, disclosure, transfer, and other processing of personal information and other confidential data. The global legal frameworks for privacy, data protection, and data transfers are rapidly evolving and are likely to remain uncertain for the foreseeable future. Certain activities of an Advisory Client and its portfolio companies may be subject to the GDPR, U.S. state privacy laws, the Cayman Islands Data Protection Act, the UK General Data Protection Regulation (“UK GDPR”), the Personal Information Protection Law (the “PIPL”), and other existing and developing laws and regulations.

For example, the SEC has proposed multiple rules and finalized certain rules regarding cybersecurity that would require registered investment advisers, registered funds and broker dealers to implement written policies and procedures designed to address cybersecurity risks, report material cybersecurity incidents to the SEC using a proposed form and within a prescribed time period, and keep enumerated cybersecurity-related books and records. In light of these proposed and final rules and the focus of federal regulators on cybersecurity generally in recent years, Carlyle expects increasing SEC enforcement activity related to cybersecurity matters, including by the SEC’s Division of Examinations in its examination programs, where cybersecurity has been prioritized with an emphasis on, among other things, proper configuration of network storage devices, information security governance, and policies and procedures related to retail trading information security. Although Carlyle maintains cybersecurity controls designed to prevent cyber incidents from occurring, no security is impenetrable to cyberattacks. It is possible that current and future cyber enforcement activity will target practices that Carlyle believes are compliant but the SEC deems otherwise. In addition, many jurisdictions in which Carlyle operates have other laws and regulations relating to data privacy, cybersecurity, data transfers, data localization and protection of personal information. Carlyle’s use of AI technologies could also subject Carlyle to additional cybersecurity risks and data protection obligations as well as regulatory scrutiny. See the “Artificial Intelligence Technologies” and “Cybersecurity” disclosures above.

Any regulatory investigation into compliance with these laws and regulations would be costly and could lead to significant fines, service interruption, loss of licensure and other harms to Carlyle as well as affecting an Advisory Client’s ability to achieve its investment objective and/or conduct its operations.

Also in the United States, federal privacy legislation is being considered by Congress and may lead to significant new obligations for an Advisory Client and its portfolio companies. In the interim, a number of state laws are being passed, such as the California Consumer Privacy Act (“CCPA”), which took

effect in January 2020 and provides for enhanced consumer protections for California residents, a private right of action for certain data breaches that is expected to increase related litigation, and statutory fines for CCPA violations. In addition, the CCPA requires covered companies to provide new disclosures to California residents and provides such residents new ways to opt-out of certain sales of personal information. California voters also approved the California Privacy Rights Act (“CPRA”) in November 2020. Effective starting on January 1, 2023, the CPRA made significant modifications to the CCPA, including by expanding rights with respect to certain sensitive personal information and creating a new state agency for enforcing the CCPA. Unless and until a federal privacy law that preempts state laws is enacted, states have and will continue to shape the data privacy environment nationally. Several other U.S. states, including Virginia, Colorado, Connecticut and Utah, enacted privacy laws in 2023 and many other proposals exist in states across the U.S. that could increase potential liability, increase compliance costs, and affect the ability to process personal information integral to an Advisory Client and its portfolio companies/issuers. Aspects of these state privacy statutes remain unclear, resulting in further legal uncertainty and potentially requiring modifications of data practices and policies and incurring substantial additional compliance costs for an Advisory Client and its portfolio companies.

Meanwhile, in Europe, the GDPR establishes requirements applicable to the processing of personal data in the European Economic Area (“EEA”), affords data protection rights to individuals, and imposes penalties for violations of each EEA states’ law implementing the GDPR, including those that result in serious data breaches. The UK’s exit from the EU led to the UK GDPR and further legislative changes that increase the burden of processing and transferring personal data of EEA and UK residents. Please also see “—United Kingdom Exit from the European Union” herein. In addition, the EEA and U.S. governments finalized a framework for trans-Atlantic data transfers that is limited in its application to financial institutions, requiring ongoing data transfer risk assessments and intercompany data transfer agreements. These updates and any future updates to data transfer rules may require an Advisory Client and its portfolio companies to expend significant resources to update contractual arrangements and to otherwise comply with such obligations. An Advisory Client and its portfolio companies/issuers may experience additional costs to comply with these changes, and an Advisory Client and its portfolio companies face the potential for regulators in the EEA to apply different standards to the transfer of personal data from the EEA to the United States and other non-EEA countries. There may also be further divergence in data protection laws between the UK and EEA in future, as the UK has proposed amendments to the UK GDPR via the Data Protection and Digital Information (No. 2) Bill. This may create a greater dual regulatory compliance burden on organizations that are subject to both regimes, and a diverging UK regime may result in the EU re-evaluating the adequacy of the UK data protection framework, resulting in additional compliance costs when sending data from the EEA to the UK. The UK and EEA are also considering or have enacted a variety of other laws and regulations such as the Digital Operational Resilience Act (EEA), Data Act (EEA), Online Safety Act (UK), and the Artificial Intelligence Act (EEA) (the latter of which is discussed under “—Artificial Intelligence Technologies” herein), all of which could have a material impact on an Advisory Client’s and its portfolio companies’ ability to operate. Carlyle cannot predict how these data protection laws or regulations may develop.

China continues to strengthen its protections of personal information and tighten control over cross-border data transfers with the implementation of the Cybersecurity Law (“CSL”), Data Security Law (the “DSL”), the PIPL, and the Espionage Act. These laws may affect the business of an Advisory Client and its portfolio companies in the following ways. First, an Advisory Client and its portfolio companies may be subject to these laws when conducting business and processing personal information or other data in China. Second, these laws may apply extra-territorially to the processing of personal information

and other data originating in China when conducted by an Advisory Client and its portfolio companies outside of China. Third, these laws may impose new regulations on cross-border data transfers and transfers to third-party vendors conducted by an Advisory Client and its portfolio companies. The PIPL imposes several conditions that limit certain cross border transfer of personal information of Chinese residents, while the DSL restricts transfer of “important data” outside of China. The scope of “important data” remains unclear but may include certain data collected and/or generated by an Advisory Client and its portfolio companies in China, in which case these restrictions could harm an Advisory Client and its portfolio companies that rely on the ability to freely transfer data outside China. Finally, an Advisory Client and its portfolio companies may be contractually bound by certain compliance obligations that lead to increased costs when dealing with counterparties in China as a result of these laws.

Many other jurisdictions where an Advisory Client and its portfolio companies may conduct business have or are considering privacy and data protection laws and regulations that are more restrictive than those in the United States, for example, the Hong Kong Personal Data (Privacy) Ordinance, the Australian Privacy Act, and the Brazilian Bank Secrecy Law. Global laws in this area are rapidly increasing in the scope and depth of their requirements, which are often extra-territorial in nature, and global regulators are seeking to enforce their countries’ laws outside of their borders. In addition, an Advisory Client frequently has added privacy compliance requirements as a result of its contractual obligations with counterparties. These legal and contractual obligations heighten an Advisory Client’s privacy obligations and costs in the ordinary course of conducting our business in the U.S. and internationally.

Complying with various existing, proposed, or yet to be proposed laws, regulations, amendments to or re-interpretations of existing laws and regulations, and contractual or other obligations relating to privacy, data protection, data transfers, data localization, or information security may require an Advisory Client and its portfolio companies to make changes to their services to enable them to meet new legal requirements, incur substantial operational costs, modify their data practices and policies, and restrict their business operations. Any actual or perceived failure to comply with these laws, regulations, or other obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, costs for remediation, and other liabilities. The costs of an Advisory Client’s compliance with, and other burdens imposed by, the GDPR, the UK GDPR, CCPA, PIPL and other applicable data protection laws will be borne (whether directly or indirectly) by investors in the Advisory Client, and may, therefore, affect any returns that would otherwise be available to investors in the Advisory Client.

Any failure to comply with applicable privacy and data protection related obligations may result in significant liability, which could have an adverse effect on investors in an Advisory Client. Under some such privacy and data protection laws, it is an offense not to notify the appropriate regulator of a security breach of personal data, or not to notify the data subjects affected by the breach. Certain violations of data protection laws, including in China and under GDPR, may result in significant penalties. Further, Carlyle may not be able to accurately anticipate the ways in which regulators and courts will apply or interpret such privacy and data protection laws and if such laws are implemented or applied in a manner inconsistent with Carlyle’s expectations, it may result in Carlyle’s business practices changing in a manner that adversely impacts the Advisory Client. Further legislative evolution is expected in the field of privacy and data protection and the costs of monitoring and addressing such changes may increase the compliance burden of an Advisory Client and its portfolio companies, and thus adversely affect such Advisory Client.

United Kingdom Exit from the European Union

The withdrawal of the UK from the EU has resulted in some divergence between the laws and regulations applicable in the UK and the EU. This divergence is expected to increase over time and will as such, increase the compliance and regulatory burden of an Advisory Client as the general partner of such Advisory Client will need to consider both systems to ensure compliance.

The UK's withdrawal from the EU has adversely impacted UK firms that conduct or depend on the provision of cross-border services, including UK regulated firms in the financial sector, as they no longer have access to the EU single market.

Although the arrangements between the UK and EU following the UK's withdrawal provide for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin (subject to both parties maintaining a level playing field in areas such as environmental protection, social and labor rights, investment, competition, state aid, and tax transparency), market access for those firms that conduct cross-border trade in goods will fall below what the single market previously allowed. Non-tariff barriers, customs declarations, customs checks, restrictions on movements of employees, withdrawal of recognition of previously recognized professional qualifications, changes in the status of the UK vis-à-vis the EU for tax and VAT purposes, and other sources of friction have the potential to impair the profitability of a business, require it to adapt, or even relocate to operate through an establishment in the EU.

Understanding and preparing for these new arrangements may result in increased operational and compliance burdens for an Advisory Client. In addition, there may be an adverse effect on an Advisory Client, the performance of its investments and its ability to fulfil its investment objectives (especially if its investments include, or expose it to, businesses that have historically relied on access to the single market for their custom or that have historically relied on sourcing goods, materials or labor from the single market).

EU Unshell

On December 22, 2021, the European Commission issued a proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes within the EU (the "Unshell Proposal"). While the Unshell Proposal was expected to be adopted and published into EU member states' national laws in 2023, and to come into effect as of January 1, 2024, there is considerable uncertainty surrounding the development of the proposal and its implementation. The proposal could result in additional reporting and disclosure obligations for an Advisory Client and/or its subsidiaries (which may require an Advisory Client or its subsidiaries to share with applicable taxing or other governmental authorities information concerning an Advisory Client's limited partners) and/or additional tax being suffered by limited partners, an Advisory Client or its subsidiaries.

BEFIT Proposal

A proposal was adopted by the European Commission on September 12, 2023, to implement a package of tax reforms comprising the "Proposal for a Council Directive on Business in Europe: Framework for Income Taxation" ("BEFIT") (which seeks to produce a comprehensive solution for business taxation in the EU) and the "Proposal for a Council Directive on transfer pricing" (which seeks to harmonize transfer pricing rules within the EU and ensure a common approach to transfer pricing). BEFIT aims to

introduce a common set of rules for EU companies to calculate their taxable base while ensuring a more effective allocation of profits between EU countries. Following adoption by the European Council, the proposals are intended to come into force on July 1, 2028 (for BEFIT) and January 1, 2026 (for the transfer pricing proposals). BEFIT has the potential to alter taxing rights within the EU, and may include substantive changes to applicable tax rules. Whether these two proposals will be taken forward, and if so the details and timing of their implementation and the impact on an Advisory Client or its subsidiaries or limited partners, is therefore uncertain.

Taxation in Other Jurisdictions

If an Advisory Client makes investments or carries on activities in a jurisdiction outside the United States, such Advisory Client or its investors (as applicable) may be subject to income, capital gains or other tax in that jurisdiction and may be subject to additional reporting requirements. Additionally, withholding tax or branch tax may be imposed on earnings from investments in such jurisdictions. In addition, local tax incurred in non-U.S. jurisdictions by an Advisory Client or vehicles through which it invests may not be creditable to or deductible by investors in their respective jurisdictions. Income or gains of an Advisory Client may be subject to withholding, income, net wealth or other tax in the jurisdictions where its investments are located. In addition, the general partner of an Advisory Client may enter into agreements with certain tax jurisdictions relating to the taxation of an Advisory Client's investments, including agreements providing for a composite rate of withholdings or other tax applicable to an Advisory Client's investments. It is possible that such an arrangement could result in some investors being allocated more tax than they otherwise would in the absence of such agreement (for example, an investor that may be entitled to a lower tax rate pursuant to an applicable tax treaty). In certain situations, an Advisory Client may hold investments through entities organized outside the United States that are treated as corporations for U.S. federal income tax purposes. Investors in such Advisory Clients may be subject to special rules applicable to "controlled foreign corporations," or "passive foreign investment companies" with respect to investments made through such entities, which could result in certain disadvantageous tax treatment and could subject such investors to additional reporting requirements. Moreover, various rules and measures have been proposed and/or implemented in jurisdictions outside of the United States to address global tax issues, including perceived treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements. Such rules could impact the structures used by an Advisory Client and may have an adverse effect on such Advisory Client's investors and/or investments.

Impact of Certain Tax Legislation and Potential Tax Reform

Changes in tax laws or interpretation of such laws, which changes may be significant, may be adverse to an Advisory Client and its investors.

Carlyle's ability to achieve the investment objectives of each Advisory Client depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. Carlyle's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation, and such compensation may be impacted by changes in tax legislation. U.S. federal income tax law currently imposes a three-year holding period requirement for carried interest to be treated as long-term capital gain. This holding period requirement may result in some carried interest being treated as ordinary income, which would increase the amount of taxes that Carlyle's employees and other key personnel could be required to pay.

Further, Congress has previously considered legislation that would treat carried interest as ordinary income for U.S. federal income tax purposes. Enactment of this legislation could cause Carlyle's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. In addition, other countries could clarify or modify their tax treatment of carried interest. This might make it more difficult for Carlyle to incentivize, attract and retain these professionals, which may have an adverse effect on Carlyle's ability to achieve the investment objectives of the Advisory Clients. In addition, this can create a conflict of interest as the tax position of Carlyle may differ from the tax positions of the Advisory Clients and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Advisory Clients, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, Carlyle has an incentive to cause an Advisory Client to hold an investment for at least three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years.

Phantom Income

Each U.S. investor will be, and a non-U.S. investor may be, required to take into account its distributive share of all items of partnership income, gain, loss, deduction and credit, whether or not distributed. Because of the nature of the investment activities of a Carlyle-sponsored investment vehicle, such investment vehicle may generate taxable income in excess of cash distributions to investors and no assurance can be given that a Carlyle-sponsored investment vehicle will be able to make cash distributions to cover such tax liabilities as they arise.

No Internal Revenue Service Rulings

Carlyle-sponsored investment vehicles generally will not seek rulings from the U.S. Internal Revenue Service (the "IRS") with respect to any U.S. federal income tax considerations. Thus, positions to be taken by the IRS as to tax consequences could differ from positions taken by such investment vehicles.

Absence of Regulatory Oversight

Notwithstanding that CGCIM is registered as an investment adviser under the Advisers Act, and that the BDCs have elected to be regulated as business development companies under the 1940 Act and that CCIF, CAPM and CTAC are registered investment companies under the 1940 Act, CDL CLO, MMCF and MMCF II are not required and do not intend to be registered with the SEC under the 1940 Act and, accordingly, CDL CLO investors and MMCF Members are not afforded the protections of the 1940 Act. Similarly, other investment vehicles that may in the future be advised by CGCIM, will not be required and would not intend to be registered with or regulated by the SEC under the 1940 Act and, accordingly, investors in any such fund are not afforded the protections of the 1940 Act.

Litigation

In the ordinary course of business, Carlyle is a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims.

Absence of Recourse

Each Advisory Client's governing documents will include exculpation, indemnification and other provisions that will limit the circumstances under which the general partner of an Advisory Client, CGCIM and others can be held liable to an Advisory Client. Additionally, certain service providers to an Advisory Client and its general partner, CGCIM, their respective affiliates and other persons, including, without limitation, the members of the Investor Advisory Committee, members of the investment committee of an Advisory Client's general partner (or other similar managing fiduciary) and placement agents and finders, may be entitled to exculpation and indemnification (in certain cases on terms more favorable to them than those available to indemnitees as provided under an Advisory Client's governing documents generally). As a result, the investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

Indemnification

Each Carlyle-sponsored investment vehicle generally will be required to indemnify its general partner (or similar managing fiduciary), its investment adviser, certain service providers and their respective affiliates and each of their respective (a) members, shareholders, stockholders, unit holders and partners (in each case in their respective capacities as such), (b) officers, directors, agents, employees, Operating Professionals, senior advisors and similar consultants and (c) any other person who serves at the request of its general partner on behalf of such investment vehicle as an officer, director, partner, member, senior advisor, Operating Professional, similar consultant or employee of or advisor to any other entity for liabilities incurred in connection with the affairs of such Carlyle-sponsored investment vehicle. Carlyle typically engages placement agents and other similar finders and consultants in connection with the offering of interests in an Advisory Client and, to the extent permitted by such Advisory Client's governing agreements, causes such Advisory Client to indemnify such agents, finders or consultants. Where applicable, members of an Investor Advisory Committee of such investment vehicle will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the applicable investment vehicle's governing documents. Such indemnification obligations may be material and have an adverse effect on the returns to the investors in an Advisory Client. For example, in their capacity as directors of portfolio companies, the directors, officers, partners, affiliates, members or employees associated with the applicable general partner, CGCIM and their affiliates as well as Operating Professionals may be subject to derivative or other similar claims brought by shareholders or creditors of such portfolio companies. The indemnification obligation of such Advisory Client (including advancement of expenses in connection therewith) would be payable from its assets, including the unpaid capital commitments of the investors therein. If the assets of such Advisory Client are insufficient, the applicable general partner may recall distributions previously made to the applicable investors to fund indemnification obligations (subject to certain limitations set forth in the governing agreement of such Advisory Client). Furthermore, as a result of the provisions contained in the governing agreement of an Advisory Client, an Advisory Client's general partner's (or other similar managing fiduciary) duties to the Advisory Client and investors in such Advisory Client (and its liability for breach thereof) are more limited than they would be in the absence of such limitations (and, in some cases, have been eliminated). It should be noted that Advisory Client's may, at their expense (unless the general partner of such Advisory Client elects to pay such expenses), purchase insurance for such Advisory Client, its general partner, CGCIM and their associated employees, agents and representatives. In addition, because the Advisory Client may advance the costs and expenses of an indemnitee pending outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification

or engaged in conduct that negated such person's entitlement to indemnification), there may be periods where an Advisory Client is advancing expenses to an individual or entity with whom such Advisory Client is not aligned or is otherwise an adverse party in a dispute. Moreover, in its capacity as general partner of an Advisory Client, such general partner will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that disqualifies any such person from indemnification or exculpation so long as such general partner (and/or its legal counsel) have determined that such person is entitled to indemnification. For the avoidance of doubt, the termination of any proceeding by settlement shall not, of itself, create a presumption that any claims, liabilities, damages, losses, costs and expenses relating to such settlement or otherwise relating to such proceeding arose primarily from conduct that is not eligible for indemnification by the Advisory Client.

Each BDC, CCIF, CAPM, CDL CLO and CTAC generally indemnifies its managing fiduciary, its investment adviser, their affiliates and each of their respective members, officers, directors, agents, employees, consultants, advisors, senior advisors, stockholders, shareholders, partners and agents for liabilities incurred in connection with the affairs of such Advisory Client. CGCIM engages placement agents and other similar finders and consultants in connection with the offering of interests in an Advisory Client and, to the extent permitted by such Advisory Client's governing agreements, causes such Advisory Client to indemnify such agents, finder or consultants. As a result of the provisions contained in the governing agreement of an Advisory Client, investors in such Advisory Client may in certain cases have a more limited right of action against the managing fiduciary than it would in the absence of such limitations.

In addition, the general partner of an Advisory Client, an Advisory Client and its portfolio companies are generally obligated to indemnify certain counterparties (*e.g.*, custodians, administrators, joint venture partners or other service providers) under various agreements entered into with such persons against any liability that they or their respective affiliates may incur in connection with their relationship with an Advisory Client and/or such portfolio company. For example, an Advisory Client is expected to enter into agreements with joint venture partners and operating partners under which such parties will be entitled to indemnification from such Advisory Client under certain circumstances (subject to customary carve-outs for "bad acts" by such party), including with respect to sanctions, fines or penalties, including civil damage actions, imposed in connection with their activities related to such an Advisory Client or its investments. See also "Service Providers and Deal Sourcers" below.

Follow-On Investments

An Advisory Client may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that an Advisory Client will wish to make follow-on investments (whether for diversification, legal, tax, regulatory, accounting or other reasons) or that it will have sufficient funds to do so. Any decision by an Advisory Client not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may dilute an Advisory Client's interest in a portfolio company, thereby diminishing its ability to influence the portfolio company's future development. Additionally, if multiple Advisory Clients are invested in the same portfolio company and a follow-on investment opportunity arises, if one or more of such Advisory Clients decide not to pursue such follow-on investment, then, subject to the governing agreement of

such Advisory Clients, the follow-on investment may be allocated to the other Advisory Clients, which can be expected to be dilutive to the non-participating Advisory Client's interest in the portfolio company.

Furthermore, an Advisory Client that participates in a follow-on investment in a portfolio company also held by another Advisory Client may benefit from the initial due diligence undertaken by the original Advisory Client and from operational or other information about such portfolio company acquired from the original Advisory Client's portfolio company investment. Although such benefitting Advisory Client will likely conduct its own diligence and incur expense, it will not be required to reimburse the original Advisory Client for expenses incurred in connection with the original research regarding the portfolio company. An investment by an Advisory Client in a portfolio company in which another Advisory Client invests at a later stage may be made at a higher or lower valuation than the original investment and may dilute the original Advisory Client's interest in such portfolio company.

Recycling; Reinvestment

Under certain circumstances, proceeds distributable (or previously distributed) to the investors in a Carlyle-sponsored investment vehicle may be retained and reinvested (or recalled for reinvestment) by its general partner (or similar managing fiduciary) or used (or recalled for use) by its general partner. Accordingly, due to the recycling of capital commitments, an investor may, in certain circumstances, be required to fund an aggregate amount in excess of its capital commitment during the term of such investment vehicle, and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

Failure to Make Capital Contributions

If an investor fails to pay when due installments of its commitment or other of its payment obligations to a Carlyle-sponsored investment vehicle when due, and the capital contributions and/or other payments made by non-defaulting investors and borrowings by such investment vehicle are inadequate to cover the defaulted capital contribution, a Carlyle-sponsored investment vehicle may be unable to pay its obligations when due. As a result, such investment vehicle may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). If an investor defaults, it may be subject to various remedies as provided in the governing documents of an Advisory Client, including, without limitation, a forfeiture of its interests therein, preclusion from further investment in the Advisory Client and participation in further investments by the Advisory Client, reductions in its capital account balance and a forced sale of its interest therein at a discount. The general partner of the Advisory Client may, subject to certain limitations, require an additional funding of capital contributions from the non-defaulting investors to fund the shortfall caused by a defaulting investor. A default by an investor may also limit the Advisory Client's ability to incur borrowings and avail itself of what would otherwise have been available credit. Investors in an Advisory Client may be controlled by Carlyle, to the effect that Carlyle controls whether the investor funds required capital contributions or other payments to an Advisory Client. To the extent such an investor does not so fund required capital contributions or other payments, Carlyle may elect not to impose default remedies under the governing documents of the Advisory Client. If any failure to fund relates to the actions or inactions of a third-party investor in such investor, Carlyle may elect to impose default remedies under the governing documents of such investor in lieu of at the Advisory Client.

Investors in an Advisory Client may include other Carlyle-sponsored investment vehicles. The general partner of an Advisory Client does not expect to impose default remedies under such Advisory Client's governing agreement on any such other Carlyle-sponsored investment vehicle where Carlyle is in control of whether such other Carlyle-sponsored investment vehicle funds required capital contributions and/or other payments.

Other Carlyle-Sponsored Invest Vehicles as Limited Partners

Another Carlyle-sponsored investment vehicle which is itself an Advisory Client may hold interests in an Advisory Client and, although Carlyle controls such other Carlyle-sponsored investment vehicle, the beneficial owner or owners may be permitted to exercise such other Carlyle-sponsored investment vehicle's voting rights in respect of an Advisory Client. In such a case the other Carlyle-sponsored investment vehicle will vote its interests in an Advisory Client in the manner directed by the beneficial owner or owners of such other Carlyle-sponsored investment vehicle and such other Carlyle-sponsored investment vehicle will not be considered an affiliate of Carlyle for purposes of the voting provisions of a partnership agreement.

Dilution from Subsequent Closings

Where applicable, investors subscribing for interests at subsequent closings of a Carlyle-sponsored investment vehicle generally will participate in existing investments, diluting the interest of existing investors therein. To the extent such existing investments were funded by capital contributions from existing investors and not funded off of one or more of an Advisory Client's revolving credit facilities, such subsequent closing investors generally will be required to contribute their pro rata share of capital contributions for such existing investments (plus an additional amount thereon), there can be no assurance that this payment by subsequent closing investors will reflect the fair value of such investment vehicle's existing investments at the time such additional investors subscribe for interests.

Distributions In-Kind

Although, under normal circumstances, an Advisory Client intends to make distributions in cash, it is possible that under certain circumstances (including the winding up and dissolution of an Advisory Client) distributions may be made in-kind and could consist of securities (or other instruments) for which there is no readily available public market or securities of entities unable to meet required interest or sinking fund payments. In addition, a general partner may offer each investor the opportunity to affirmatively elect to receive an in-kind distribution of securities or interests that are not marketable or are otherwise illiquid with respect to all or any portion of any investment that a general partner had otherwise determined to liquidate and distribute as cash, subject to the terms of a partnership agreement. At the time of any such distribution, such securities may be experiencing periods of limited liquidity, price volatility or a decline in market value and may have certain investment and transfer restrictions limiting marketability. The ability of investors to liquidate positions in such securities is subject to these and other risks, and investors must be prepared to hold such securities for an extended period of time. In-kind distributions of investments may comprise, among other things, interests in one or more investment vehicles or special purpose vehicles holding the financial instruments or participations in the financial instruments which are being held or that were held by an Advisory Client. The value of the securities distributed may be difficult to assess and may increase or decrease before such securities are sold, and such investor will incur transaction costs in connection with the sale of any such securities.

There can be no assurance that the value of such investments will ultimately be realized. Additionally, securities distributed to an investor may not be readily marketable or saleable and may have to be held by such investor for an indefinite period of time. The risk of loss and delay in liquidating these securities will be borne by the investor, with the result that such investor may ultimately receive less cash than it would have received if it had been paid in cash. In addition, when securities are distributed to investors in kind, such investors may then become debt or minority equity holders in the issuer and may be unable to protect their interests effectively. See also “Carried Interest” below. To the extent a general partner agrees to arrange for the sale of any securities that would otherwise be distributed in-kind on behalf of and for the account of an investor and distribute the proceeds of such sale to such investor, a general partner will be deemed to have satisfied such obligations if the general partner or its affiliates assist an investor in establishing a brokerage account with a brokerage firm to which such securities are transferred pursuant to an arrangement with such brokerage firm to sell such securities on behalf of an investor for cash.

Diverse Investor Group

Investors at times will have conflicting investment, tax and other interests with respect to their investments in a Carlyle-sponsored investment vehicle. As a consequence, conflicts of interest may arise in connection with decisions made by the general partner (or similar managing fiduciary) or investment adviser or collateral manager of such investment vehicle, including with respect to the nature, structuring or sale of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors’ individual tax situations. For example, investors may be given the opportunity to invest in certain investments indirectly through an entity treated as a corporation for U.S. federal income tax purposes (a “Corporation”) rather than through an entity treated as a partnership for U.S. federal income tax purposes. While investing through a Corporation may provide certain tax benefits to certain investors, the investment returns of investors that invest through a Corporation may be less than the investment returns received by other investors. It is also possible that a Carlyle-sponsored investment vehicle may seek to sell shares of the Corporation in connection with the disposition of an investment, which would likely provide certain benefits to investors participating through the Corporation but may result in total sales proceeds which are lower than such proceeds otherwise would be had the sale not been structured in part as a sale of shares of the Corporation. Nonetheless, in such case such reduced sales price may be borne by all the investors participating in the investment and not just those investors who participated in the investment through the relevant Corporation. In other circumstances, the acquirer may pay less on a per unit basis for the shares of the Corporation as compared to the underlying assets (and in certain cases the quantum of the reduction may not be specified by the applicable purchaser and may be determined by Carlyle in good faith). In those instances where the acquirer pays less on a per unit basis for the shares of the Corporation, Carlyle may nonetheless be entitled to receive the same amount of carried interest it would have received had the shares of the Corporation not been sold. Accordingly, Carlyle will have a conflict of interest in circumstances where shares of the Corporation are intended to be sold in determining the quantum of the reduction in sales proceeds attributable due to the sale of shares of the Corporation, as well as whether or not the reduction should be borne solely by the investors participating through the Corporation.

Public Disclosure

Some of the interests in Advisory Clients will be held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements. The amount of

information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to such Advisory Client or its portfolio companies results from interests being held by public investors, such Advisory Client may be adversely affected, including the Advisory Client's competitive advantage in finding attractive investment opportunities. The Advisory Client may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in Carlyle and/or the Advisory Client becoming subject to additional disclosure requirements, the specific nature of which is as yet uncertain.

Limited Access to Information

Investors' rights to information regarding certain Advisory Clients will be specified, and strictly limited, in such investment vehicle's subscription, governing or offering documents. The general partner (or other similar managing fiduciary) of an Advisory Client may also withhold information to preserve legal privilege, including in situations involving privilege to which Carlyle, and not the Advisory Client, may be entitled.

No Market for Interests; Restrictions on and Limitations Relating to Transfers and Withdrawal

An investment in an Advisory Client typically requires a long-term commitment, with no certainty of return. Interests in private fund Advisory Client vehicles have not been registered under the Securities Act, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no market for the interests in such investment vehicles and one is not expected to develop. An investor will not be permitted to directly or indirectly sell, assign, pledge, charge, grant security over, mortgage, hypothecate, encumber, exchange, substitute or otherwise transfer its interest in whole or in part (including any right to receive distributions or allocations in respect of such interest in an Advisory Client), whether voluntarily, involuntarily, by merger, by operation of law or otherwise, any of its rights or obligations with respect to its interests without the prior written consent of the general partner (or other similar managing fiduciary) of such applicable Advisory Client, which consent may be given or withheld in accordance with the governing documents of such Advisory Client, and transfers are also subject to the other terms and conditions of the governing documents of such Advisory Client. Accordingly, Carlyle may condition its consent to any transfer of an investor's interest or influence the set of potential transferees who may acquire an interest from an investor that is seeking to transfer, which may affect the terms on which such transfer is completed, including by reducing the transfer price. Any transfer by an investor to a person other than an affiliate of such investor with substantially the same beneficial ownership generally will be subject to a right of first refusal for the benefit of the general partner of the Advisory Client (which right is generally transferable to an affiliate of such general partner, including their respective employees). Following exercise by such general partner (or its affiliate or any respective employee) of such right of first refusal with respect to an investor's interest, the general partner may subsequently transfer such acquired interests to one or more third parties unaffiliated with Carlyle. Except in extremely limited circumstances, withdrawals from an Advisory Client will not be permitted. Investors therein must be prepared to bear the risks of owning interests in an Advisory Client for an indefinite period of time. In extraordinary and very limited circumstances that are set out in the governing documents of such Advisory Client, generally where the continued involvement of the

investor with the Advisory Client creates a material adverse effect in respect of the Advisory Client, the general partner, the investment advisor, any portfolio company, or any of their affiliates or for the investor in certain limited circumstances, an investor may be required to withdraw, or may be permitted to withdraw, in respect of some or all of its interest in such Advisory Client.

In addition, the general partner of an Advisory Client may condition its consent to any sale or transfer of an investor's interest in such Advisory Client on the transferee or transferor making an unrelated investment in another Advisory Client, or on other matters which are solely in the interests of the general partner or Carlyle. Accordingly, Carlyle may influence the set of potential transferees who may acquire an investor's interest that is seeking to transfer, which may affect the terms on which such transfer is completed.

With respect to an investor that seeks consent from the general partner of an Advisory Client to transfer its interests, it should be expected that as a condition to such transfer such investor will be required to pay and bear the out-of-pocket costs and expenses of the general partner of an Advisory Client, CGCIM and their affiliates in connection with reviewing and processing such proposed transfer. This includes the costs and expenses of legal counsel to the general partner of an Advisory Client, CGCIM and their affiliates. Because the rates for such legal counsel are high, transfer costs are likewise high, and could be significantly more depending on the circumstances. Prospective investors in any Carlyle-sponsored investment vehicle should also note that to the extent any costs and expenses incurred in connection with a transfer are not paid by the transferring investor and its proposed transferee, such costs and expenses could be borne by an Advisory Client.

In the case of CSL, its common stock is traded on The Nasdaq Global Select Market under the symbol "CGBD." Neither CARS, CSL III nor CTAC currently intend to list their shares on any securities exchange, and nor do either of them expect any secondary market for their shares to develop in the foreseeable future. Because no public market exists for the shares, and none is expected to develop in the foreseeable future, shareholders will not be able to liquidate their investment, other than in limited circumstances, as a result of transfers of shares to other investors or, in the case of CTAC and CSL III, through their respective share repurchase programs. To provide shareholders with limited liquidity, CTAC is structured as an "interval fund" and conducts quarterly offers to repurchase between 5% and 25% of its outstanding shares at NAV, pursuant to Rule 23c-3 under the 1940 Act, unless such offer is suspended or postponed in accordance with regulatory requirements. In connection with any given repurchase offer, it is likely that CTAC may offer to repurchase only the minimum amount of 5% of its outstanding shares. Thus, the shares of CTAC are appropriate only as a long-term investment.

With respect to BDC II's repurchase program, each stockholder will be given the opportunity to tender shares at a specific per share price based on BDC II's net asset value per share as of the last date of the quarter in which the quarterly tender offer is conducted. BDC II currently expects to conduct each quarterly tender offer to repurchase at least 3.5% of the number of shares of its common stock outstanding as of the end of the calendar quarter immediately prior to the quarter in which the quarterly tender offer is conducted. If any quarterly tender offer is oversubscribed, BDC II will accept for purchase shares tendered on or before the relevant expiration date on a pro rata basis from all tendering stockholders based on the number of tendered shares. The decision to conduct a tender offer is subject to the discretion of the board of directors of BDC II. BDC II is not seeking, and is not required to seek, stockholder approval of the quarterly tender offers. The number of shares to be repurchased at each quarterly tender offer is subject to change, which may either increase or decrease, at the discretion of

BDC II. If a tender offer is oversubscribed, BDC II is limited in its ability to avoid pro rating the sellers' intended sale amount due to tender offer rules which only permit BDCs to accept an additional 2% of its outstanding shares above the stated tender offer amount. There is recent heightened scrutiny around tender offers in light of other retail funds pro rating tender offers.

To the extent BDC II offers to repurchase shares in a quarterly tender offer in any particular quarter, it expects to repurchase such shares at a purchase price equal to the net asset value per share as of the last calendar day of the applicable quarter; provided that, shares that have not been outstanding for at least one year may be subject to an early repurchase fee of up to 2% of such shares' net asset value.

In the case of the CDL CLO, MMCF and MMCF II, securities may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the CDL CLO indenture and the disclosure pertaining to such securities or the provisions of MMCF's and MMCF II's respective limited liability company agreements.

FATCA and CRS

The Foreign Account Tax Compliance Act ("FATCA") requires all entities in a broadly defined class of foreign financial institutions ("FFIs") to comply with a complicated and expansive reporting regime or be subject to a 30% U.S. withholding tax on certain U.S. payments and requires non-U.S. entities which are not FFIs to either certify they have no substantial U.S. beneficial ownership or to report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% U.S. withholding tax on certain U.S. payments. FATCA also contains complex provisions requiring participating FFIs to withhold on certain "foreign passthru payments" made to nonparticipating FFIs and to holders that fail to provide the required information. The definition of a "foreign passthru payment" is still reserved under the current U.S. Treasury Regulations; however, the term generally refers to payments that are from non-U.S. sources but that are "attributable to" certain U.S. payments as described above. Under proposed U.S. Treasury Regulations on which taxpayers may rely, withholding on these payments is not set to apply before the date that is two years after the date of publication of final U.S. Treasury Regulations defining the term "foreign passthru payment." In general, non-U.S. investment funds, such as any non-U.S. Carlyle-sponsored investment vehicle advised by CGCIM or underlying entities in which such vehicle invests, may be considered FFIs. The reporting obligations imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS or, if subject to an Intergovernmental Agreement ("IGA"), register with the IRS. IGAs are generally intended to result in the automatic exchange of tax information through reporting by an FFI to the government or tax authorities of the country in which such FFI is domiciled, followed by the automatic exchange of the reported information with the IRS. These reporting requirements may apply to underlying entities in which an Advisory Client invests and the Advisory Client may not have control over whether such entities comply with the reporting regime. Any amounts withheld pursuant to FATCA that are allocable to an investor may, in accordance with the governing document of such Advisory Client, be deemed to have been distributed to such investor to the extent the taxes reduce the amount otherwise distributable to such investor. Prospective investors in any Carlyle-sponsored investment vehicle should consult their own tax advisors regarding all aspects of FATCA as it affects their particular circumstances.

In addition, the OECD has developed Common Reporting Standard ("CRS") rules for the automatic exchange of FATCA-like financial account information amongst OECD member states. Like FATCA,

CRS imposes certain due diligence, documentation and reporting requirements on various Carlyle entities. While CRS does not contain a potential withholding requirement, non-compliance could subject Carlyle to certain reputational harm. Moreover, compliance with such regimes could result in increased administrative and compliance costs and could subject certain CGCIM-sponsored investment entities to increased non-U.S. withholding taxes.

Partnership Audit Legislation

Under current law, U.S. federal income tax audits of partnerships are conducted at the partnership level, and, unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. There can be no assurance that a Carlyle-sponsored investment vehicle will be eligible to, or will, make an election under the alternative procedure, and if such vehicle does not or is not able to make such an election, then (1) its then-current investors, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had such vehicle elected the alternative procedure, and (2) a given investor may indirectly bear taxes attributable to income allocable to other investors or former investors, including taxes (as well as interest and penalties) with respect to periods prior to such investor's ownership of interests. Amounts available for distribution to investors may be reduced as a result of a Carlyle-sponsored investment vehicle's obligations to pay any taxes associated with an adjustment.

Valuation of Advisory Client Interest and Investments

Because there is significant uncertainty as to the valuation of illiquid investments, the values of such investments may not necessarily reflect the values that could actually be realized by an Advisory Client. Under certain conditions, an Advisory Client may be forced to sell investments at lower prices than it had expected to realize or defer, potentially for a considerable period of time, sales that it had planned to make. In addition, under limited circumstances, the general partner of such Advisory Client may not have access to all material information relevant to a valuation analysis with respect to an investment. As a result, the valuation of such Advisory Client's investments, and as a result the valuation of the interests themselves, may be based on imperfect information and is subject to inherent uncertainties.

Also see the risk factors above discussing market conditions and turmoil in the global financial markets for an additional discussion of the potential impact such market conditions may have on asset prices and valuations for Advisory Clients and their potential or existing investments and portfolio companies.

Presentation of Performance

For most Advisory Clients, especially those that are pooled investment vehicles, net performance is calculated on an aggregate basis after taking into account all fees and expenses actually borne by investors in the Advisory Client as a group, but does not take into account any taxes borne or deemed to be borne by investors (such as, taxes resulting from the investors' domicile or taxes paid or payable by vehicles designed to address certain investors' tax, regulatory or other similar issues). With respect to any particular investment vehicle, differences in timing of an investor's commitment to the investment vehicle and the economic and other terms applicable to certain investors therein may increase or decrease the net performance information realized by such investors and, accordingly, the actual net performance information of a particular investor may differ from the net performance information disclosed to such

investors.

Certain Advisory Clients utilize subscription lines of credit to fund investments prior to the receipt of capital contributions from investors. Because the capital contributions from investors are delayed when using a subscription line of credit, the investment period of such investor capital is shortened, which may increase the net internal rate of return of an Advisory Client. However, because interest expense and other costs of borrowings under subscription lines of credit are an expense of the Advisory Client, the Advisory Client's net multiple of invested capital will be reduced.

Secondary Transactions

CGCIM could propose to an Advisory Client's Investor Advisory Committee or investors one or more transactions that would enable such investors to monetize or restructure all or a portion of their interests in an Advisory Client, including through the use of a continuation vehicle (each such transaction, a "Secondary Transaction"). The sale of an investment to a continuation vehicle could result in certain investors, the general partner of an Advisory Client and/or members of CGCIM (including employees and affiliates) disposing of their investments in the underlying assets at a different time than some or all investors of such an Advisory Client and otherwise taking actions with respect to such investments that are different than the actions taken by other investors. CGCIM could be subject to other conflicts of interests in connection with a Secondary Transaction (whether ultimately completed or not), including with respect to investment valuations, allocation of fees and expenses and the offering of investment opportunities to an Advisory Client and co-investors.

SPAC

From time to time, an Advisory Client may form a SPAC for the purposes of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses. The managers of the SPAC will have different financial incentives as compared with CGCIM and the Advisory Client. This may create a conflict of interest.

In addition, certain CGCIM personnel may serve as board members of a SPAC (whether formed by an Advisory Client or otherwise). Although these individuals will continue to devote their time and attention to the investment activities of the Advisory Clients, they will have other obligations with respect to the SPACs as board members. In addition, such personnel may regularly obtain confidential information regarding various target companies and other investment opportunities which would be imputed to Carlyle. Therefore, if CGCIM personnel receive confidential information with respect to a company, Advisory Clients may face certain restrictions on their ability to pursue a transaction with that company or dispose of an investment.

Certain fees received by CGCIM or its affiliates in respect of a SPAC may not be subject to the management and/or advisory fee offset provisions or otherwise shared with an Advisory Client or its investors. In addition, a SPAC formed by Carlyle or its affiliates (and not otherwise by an Advisory Client) may consummate an investment opportunity that would otherwise be made by an Advisory Client.

Expenses

In certain instances, an Advisory Client will bear expenses related to a portfolio company that will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment funds). Such expenses that an Advisory Client may solely bear include the Global Portfolio Solutions Costs even if a portfolio company and other owners or investors in such portfolio company also benefit from the services and support of the Global Portfolio Solutions team.

In addition to the generally-applicable material risks described above, the following is a list of additional material risks for control investments:

General Strategy Risk for Control Investments

The exercise of control over a portfolio company, which often results from a leveraged buyout, imposes additional risks of liability for environmental damage, social and governance issues, workplace accidents, product defects, failure to supervise and other types of related liability. If such liabilities are to arise, an Advisory Client may suffer a loss, which may be complete, on its investment.

Concentration Risk

The portfolio of an Advisory Client may be concentrated in a limited number of portfolio companies and industries. Beyond asset diversification requirements or concentration limitations set forth in an Advisory Client's applicable governing documents or contractual agreements, Advisory Clients do not have fixed guidelines for diversification and investments may be concentrated in relatively few industries. As a result, the aggregate returns realized may be significantly adversely affected if a small number of investments perform poorly or if the Advisory Client needs to write down the value of one or more investments. Additionally, a downturn in any particular industry in which the Advisory Client is invested could also significantly impact the aggregate returns realized.

Reliance on Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such portfolio company's management team. Although CGCIM and the relevant general partner (or similar managing fiduciary) of the applicable Advisory Client will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to successfully operate a portfolio company in accordance with the applicable Advisory Client's plans. Additionally, while it is the intent of the general partner of an Advisory Client that the Advisory Client generally invest in portfolio companies/issuers with proven operating management in place, there can be no assurance that such management will continue to be employed by the portfolio company and will continue to operate successfully throughout the life of the investment. As such, portfolio companies need to attract, retain and develop executives and members of their management teams. The market for executive talent can be, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of their management teams and, as a result, an Advisory Client may be adversely affected thereby.

Risks in Effecting Operating Improvements

In some cases, the success of an Advisory Client's investment strategy will depend, in part, on the ability to restructure and effect improvements in the operations of an investment. The activity of identifying and implementing restructuring programs and operating improvements at investments entails a high degree of uncertainty. There can be no assurance that Carlyle will be able to successfully identify and implement such restructuring programs and improvements. Companies in certain industries in which an Advisory Client expects to invest, for example, in the healthcare sector, will be subject to additional pressures to continuously upgrade their facilities through ongoing renovations and capital improvements in order to stay competitive. There is no assurance that a company's management team will undertake such capital improvements or that cash flow and reserves from operations will be adequate to meet costs of such improvements. In these circumstances, an Advisory Client may be required to provide additional funding and may be adversely affected thereby.

Investments in Highly Leveraged Portfolio Companies; Use of Leverage; Risk of Borrowing by an Advisory Client

Investments may involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other changes that affect the relevant portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies. Moreover, rising interest rates will, unless such rates are fixed pursuant to the terms of any such indebtedness, significantly increase investments' interest expenses, causing losses and/or the inability to service debt levels. Principal and interest payments on indebtedness will have to be made regardless of the sufficiency of cash flow from the investments. In addition, to the extent there is not ample availability of financing for leveraged transactions (*e.g.*, due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders), such Advisory Client's ability to consummate certain transactions could be impaired.

The general partner of an Advisory Client may also cause an Advisory Client to incur investment vehicle-level debt (subject to the limitations set forth in the governing agreement of the relevant Advisory Client), such as debt resulting from bridge, subscription and asset-based facilities, which debt may be in addition to, or in lieu of (or a replacement for), debt at the asset level, and borrowings may be secured by assignment of the obligations of the investors to make capital contributions to an Advisory Client and a security interest in some or all of the Advisory Client's investments.

Recourse debt, which an Advisory Client may have the right to obtain, may subject other assets of such Advisory Client to the risk of loss and its partners' commitments to be called or some or all of its assets to be sold to satisfy such debt. Full or partial recourse debt may also limit the ability of an Advisory Client to effect a debt restructuring at or prior to maturity of the debt.

To the extent that an Advisory Client co-invests with any vehicles managed or controlled by Carlyle, including any other Carlyle funds, vehicles and accounts (including vehicles formed to permit Carlyle professionals or other qualified individuals to co-invest alongside such Advisory Client), the Advisory Client may incur indebtedness and guarantee obligations together with such vehicles on a joint and several or cross-collateralized basis (which may be on an investment-by-investment or portfolio-wide basis). While such arrangements may be joint and several or cross-collateralized with respect to the

Advisory Client, such arrangements may not necessarily impose reciprocal joint and several or cross-collateralized obligations on such vehicles. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, the Advisory Client may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness. Moreover, an Advisory Client could also lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments. Depending on the terms of the cross-collateralization and the performance of the underlying assets, it is possible that an Advisory Client may ultimately bear a disproportionate share of the risk arising from any guarantees, borrowings or credit support that are incurred on a cross-collateralized or joint basis with other Advisory Clients but an Advisory Client will not receive compensation for bearing such risks for such other Advisory Clients. Further, to the extent a guarantee, borrowing or credit support is incurred by an Advisory Client on a cross-collateralized and/or joint and several basis with other Advisory Clients, such other Advisory Clients may have limited or no remaining unused capital commitments to fund their pro rata share of such borrowing, guarantee or credit support, in which case an Advisory Client could be obligated to contribute more than its pro rata share, or may be required to advance payment on behalf of such Advisory Clients, potentially for an unspecified period. An Advisory Client may also be obligated in some circumstances to reimburse other Advisory Clients (including vehicles formed to permit Carlyle professionals or other qualified individuals to co-invest alongside such Advisory Client) for their losses resulting from cross-collateralization of their investments with assets of such Advisory Client that are in default.

An Advisory Client may (i) create an investment vehicle, contribute fund assets to such investment vehicle (or make investments directly through such investment vehicles), and cause such investment vehicle to incur indebtedness or other obligations or (ii) cause multiple new or existing investment vehicles to incur indebtedness on a joint and several or cross-collateralized basis. Any arrangements entered into by such vehicles or entities (and not the Advisory Client itself), may not be considered indebtedness by such Advisory Client for purposes of the limits on indebtedness set forth in the governing agreement of such Advisory Client. In either case of (i) or (ii), such investment vehicle(s) may not be treated as a single investment for purposes of the investment limitations applicable to such Advisory Client even if multiple investments are pledged to, and at risk with respect to, indebtedness with respect to one single investment (even if the amounts involved are greater than any single-investment diversification limit set forth in the governing agreement of such Advisory Client). For the avoidance of doubt, proceeds held by such investment vehicles may be used to repay any such outstanding indebtedness or other credit obligations. The use of back leverage potentially enhances the return profile of the applicable investments and such Advisory Client overall, but also increases the risk of the applicable investments, including the risks associated with collateralized investments held through the same leverage facilities. Similarly, any other indebtedness or other obligations incurred by subsidiaries of an Advisory Client and certain types of indebtedness and other obligations incurred by such Advisory Client, including limited recourse or “bad boy” guarantees, primary obligations of other persons for which such Advisory Client is liable on a joint and several or cross-collateralized basis, letter of credit obligations and equity commitment letters will not be subject to or counted toward the limits on indebtedness that are set forth in the governing agreement of such Advisory Client.

In addition, the borrowing utilized by an Advisory Client to leverage its investments, including in connection with a net-asset-value facility or hybrid facility, may be collateralized by any or all assets of such Advisory Client (and may be cross-collateralized with the assets of any parallel vehicle, subsidiary,

financing vehicle or alternative investment vehicle of such Advisory Client or with the assets of any other affiliates or other persons and such entities may be held jointly and severally liable for the full amount of the obligations arising out of such borrowings). Accordingly, an Advisory Client may pledge or charge or otherwise grant security over all or any of its assets (including commitments of its investors) in order to borrow additional funds or otherwise obtain leverage for investment or other purposes (including in support of the obligations of any parallel vehicle, subsidiary, financing vehicle or alternative investment vehicle of such Advisory Client or with the assets of any other affiliates or other persons). Certain restrictions on borrowings by an Advisory Client only apply to borrowings secured by unfunded commitments; accordingly, borrowings secured by other assets of such Advisory Client would not be subject to such restrictions.

An Advisory Client may be permitted to enter into contractual arrangements, including deferred purchase price payments, staged funding obligations, earn outs, milestone payments, equity commitment letters, letters of credit and other forms of credit support, and other contractual undertakings such as indemnification obligations that obligate it to fund amounts to special purpose vehicles, portfolio companies or other third parties. Such arrangements may not be treated as indebtedness of the Advisory Client that are subject to limitations under the governing agreement of such Advisory Client even though these arrangements pose many of the same risks and conflicts associated with the use of leverage that the caps intend to address.

In addition to secured financing arrangements, an Advisory Client could employ preferred financing arrangements or margin loans with respect to some or all of the investments of such Advisory Client (including, for the avoidance of doubt, causing intermediate vehicles or other persons to enter into margin loans or similar financings in respect of an Advisory Client's investments). In such arrangements, a third party typically provides cash liquidity in exchange for the right to receive a return of such amount plus a preferred return thereon prior to the return of any additional proceeds to an Advisory Client. Such arrangements could be employed to accelerate distributions to the investors in an Advisory Client or to provide for additional capital for new or follow-on investments by an Advisory Client. These arrangements could result in an Advisory Client receiving a lower overall return of distributions than it would otherwise have received if, for example, an investment is held for a long period of time, resulting in a compounding preferred return in favor of the third-party financing provider, or where the proceeds of the financing are reinvested in investments that do not perform as well as the original investments that were subject to the financing arrangement. Such secured financing arrangements may not be treated as borrowings incurred by an Advisory Client for purposes of determining such Advisory Client's compliance with the limitations on borrowings set forth in such Advisory Client's governing documents.

Broad Investment Mandate

Certain Advisory Clients have broad investment mandates. Such Advisory Clients are permitted to invest in a wide range of industries, instruments, markets and countries and utilize various investment strategies without material limitations. The Advisory Client may make equity and/or debt investments that may or may not involve control or influence over an underlying portfolio company and the Advisory Client may invest in various types of assets. In addition, CGCIM's experience with, and understanding of, industries may evolve over the term of an Advisory Client, resulting in a similar evolution of an Advisory Client's investment objective.

GLOBAL CREDIT GENERAL RISKS

The current market conditions described above could trigger certain adverse situations for certain Advisory Clients. For example, Advisory Clients that have issued revolver lines of credit could experience borrowers seeking the maximum borrowing amount available. Such borrowing demands, or upticks in demands for redemptions, could trigger challenging situations for Advisory Clients to manage in terms of cash flow and liquidity.

Nature of Investments

Global Credit generally has a broad mandate with respect to the type and nature of debt and debt-related investments in the credit space in which it invests. While some of the instruments in which a Global Credit advisory client will invest may be secured, such Advisory Clients may also invest in debt or equity securities that are either unsecured and subordinated to substantial amounts of senior indebtedness, or a significant portion of which may be secured. In such instances, the ability of an Advisory Client to influence an issuer's affairs, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the debt or other exercises by the Advisory Client of its rights as a creditor. Accordingly, the Advisory Client may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities or other instruments in which the Advisory Client will invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency.

Issuers of debt in which the Advisory Clients invests may seek the protections afforded by bankruptcy, insolvency, receivership and other debtor relief laws. Additionally, the numerous risks inherent in the insolvency process create a potential risk of loss by an Advisory Client of its entire investment in any particular investment. Insolvency laws may, in certain jurisdictions, result in a restructuring of the debt without an Advisory Client's consent under the "cramdown" provisions of applicable insolvency laws and may also result in a discharge of all or part of the debt without payment to the Advisory Client.

Debt securities and related instruments are also subject to other risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance," (ii) the recovery of liens perfected or payments made on account of a debt in the period before an insolvency filing as a "preference," (iii) equitable subordination or recharacterization claims by other creditors, (iv) so called "lender liability" claims by an issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any issuer, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of an Advisory Client's investment in any such company. In the United States, at least one bankruptcy case has held that a secondary loan market participant can be denied recovery from the debtor in a bankruptcy if a prior holder of the loans either received and did not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination. An Advisory Client's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions, which, in each case, could result in an issuer repaying the principal on an obligation held by the Advisory Client earlier than expected. Accordingly, there can be no assurance that an Advisory Client's performance objectives will be realized.

Credit Risks

One of the fundamental risks associated with various Advisory Clients' investments is credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. The return to investors would be adversely impacted if an issuer of debt in which an Advisory Client invests becomes unable to make such payments when due. The fact that payments are contracted or regulated does not imply that there is no risk of default. Although the Advisory Client may make investments that the Adviser or applicable general partner (or other managing fiduciary) believes are secured by specific collateral, the value of which may initially exceed the principal amount of such investments or the Advisory Client's fair value of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. Certain Advisory Clients may also invest in leveraged loans, high yield securities, marketable and non-marketable common and preferred equity securities and other unsecured investments, each of which involves a higher degree of risk than senior secured loans. Furthermore, an Advisory Client's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of a senior lender, to the extent applicable. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, loans may provide for payments-in-kind, which have a similar effect of deferring current cash payments. In such cases, an issuer's ability to repay the principal of an investment may depend on a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

With respect to investments in any number of credit products, if the borrower or issuer breaches any of the covenants or restrictions under the credit agreement that governs loans of such issuer or borrower, it could result in a default under the applicable indebtedness as well as the indebtedness held by an Advisory Client. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. This could result in an impairment or loss of an Advisory Client's investment or a pre-payment (in whole or in part) of such investment.

Similarly, while relevant Advisory Clients will generally target investing in companies they believe are of high quality, including high credit quality, these securities and companies could still present a high degree of business and credit risk. Companies in which an Advisory Client invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or the continuation or worsening of the current (or any future) economic and financial market downturns and dislocations. As a result, companies that the Advisory Client expected to be stable or improve may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress. In addition, exogenous factors such as fluctuations of the equity markets also could result in warrants and other equity securities or instruments owned by the Advisory Client becoming worthless.

Bankruptcy Risks

Given that the investment strategies for Advisory Clients within Global Credit focus primarily on investments in debt, the related investments entail risks associated with bankruptcy. Bankruptcy

proceedings are inherently litigious, time consuming, highly complex and driven extensively by facts and circumstances, which can result in challenges in predicting outcomes. The equitable power of bankruptcy judges also can result in uncertainty as to the ultimate resolution of claims. Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a number of reasons. To the extent CGCIM personnel serve on an official or unofficial committee of an issuer, it increases the possibility that an Advisory Client will be deemed an “insider” or a “fiduciary” of such company and may restrict the Advisory Client’s trading of its investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the bankruptcy court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of “equitable subordination” with respect to any claim or equity interest held by the Advisory Client in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. If a security interest is invalidated, the secured creditor loses the value of the collateral and because loss of the secured status causes the claim to be treated as an unsecured claim, the holder of such claim will almost certainly experience a significant loss of its investment.

Investments in Loans

A number of Advisory Clients invest in loans, including loans to middle-market companies whose debt, if rated, is rated below investment grade and, if not rated, would likely be rated below investment grade if it were rated (that is, below BBB- or Baa3, which is often referred to as “junk”), and which are generally considered higher risk than investment grade instruments. An Advisory Client may invest in loans, either through primary issuances or in secondary transactions, including potentially on a synthetic basis. The value of an Advisory Client’s investment in loans may be detrimentally affected to the extent a borrower defaults on its obligations. There can be no assurance that the value assigned by CGCIM to collateralize an underlying loan can be realized upon liquidation, nor can there be any assurance that any such collateral will retain its value. Furthermore, circumstances could arise (such as in the bankruptcy of a borrower) that could cause an Advisory Client’s security interest in the loan’s collateral to be invalidated. Also, much of the collateral will be subject to restrictions on transfer intended to satisfy securities regulations, which will limit the number of potential purchasers if an Advisory Client intends to liquidate such collateral. The amount realizable with respect to a loan may be detrimentally affected if a guarantor, if any, fails to meet its obligations under a guarantee. There may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral. Finally, loans may become non-performing for a variety of reasons. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. Advisory Clients’ portfolios may include the types of instruments described below as well as other types of instruments consistent with its investment objective.

First Lien Senior Secured Loans. It is expected that when an Advisory Client makes a senior secured term loan investment in an issuer, the loan will be secured by substantially all of the available assets of the issuer, including the equity interests of its domestic subsidiaries, which is expected to help mitigate the risk that the Advisory Client will not be repaid. However, there is a risk that the collateral securing a loan may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some

circumstances, the Advisory Client's lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Advisory Client will receive principal and interest payments according to the loan's terms, or at all, or that the Advisory Client will be able to collect on the loan should the Advisory Client be forced to enforce its remedies.

Second Lien Senior Secured Loans and Junior Debt Investments. Second and third lien loans are subject to the same investment risks generally applicable to senior loans described above. An Advisory Client's second lien senior secured loans will be subordinated to first lien loans and junior debt investments, such as mezzanine loans, generally will be subordinated to both first lien and second lien loans and have junior security interests or may be unsecured. As such, to the extent an Advisory Client holds second lien senior secured loans and junior debt investments, holders of first lien loans may be repaid before the applicable Advisory Client in the event of a bankruptcy or other insolvency proceeding. Therefore, second and third lien loans are subject to additional risk that the cash flow of the related obligor and the property securing the second or third lien loan may be insufficient to repay the scheduled payments to the lender after giving effect to any senior secured obligations of the related obligor. This may result in an above average amount of risk and loss of principal. Second and third lien loans are also expected to be more illiquid than senior loans.

Unsecured Loans. Unsecured loans are subject to the same investment risks generally applicable to loans described above but are subject to additional risk that the assets and cash flow of the related obligor may be insufficient to repay the scheduled payments to the lender after giving effect to any secured obligations of the obligor. Unsecured loans will be subject to certain additional risks to the extent that such loans may not be protected and such loans are not secured by collateral, financial covenants or limitations upon additional indebtedness. Unsecured loans are also expected to be a more illiquid investment than senior loans for this reason.

Syndicated Loans. Under the agreements governing most syndicated loans, should a holder of an interest in a syndicated loan wish to call a default or exercise remedies against a borrower, it could not do so without the agreement of at least a majority of the other lenders. Actions could also be taken by a majority of the other lenders, or in some cases, a single agent bank, without the consent of all lenders. Each lender would nevertheless be liable to indemnify the agent bank for its ratable share of expenses or other liabilities incurred in such connection and, generally, with respect to the administration and any renegotiation or enforcement of the syndicated loans. Moreover, an assignee or participant in a loan may not be entitled to certain gross-up payments in respect of withholding taxes and other indemnities that otherwise might be available to the original holder of the loan.

Bank Loans and Participations. An Advisory Client may invest a portion of its assets in bank loans and participations. The special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality and (iii) limitations on the ability of an Advisory Client or certain affiliates to directly enforce its rights with respect to participations. The Adviser will seek to balance the magnitude of these and other risks identified by it against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by an Advisory Client. Bank loans are frequently traded on the basis of standardized

documentation which is used in order to facilitate trading and market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue or that the same documentation will be used in the future. The settlement of trading in bank loans often requires the involvement of third parties, such as administrative or syndication agents, and there presently is no central clearinghouse or authority which monitors or facilitates the trading or settlement of all bank loan trades. Often, settlement may be delayed based on the actions of any third party or counterparty, and adverse price movements may occur in the time between trade and settlement, which could result in adverse consequences for an Advisory Client. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain Advisory Client investments, an Advisory Client could be subject to allegations of lender liability. An Advisory Client may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest and not with the borrower. In purchasing participations, an Advisory Client typically will not have the right to vote on matters requiring a vote of holders of the underlying debt and may have no right to enforce compliance by the borrower with the terms of the loan agreement, or any rights of set-off against the borrower, and an Advisory Client may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, if an Advisory Client were to hold a participation, it would assume the credit risk of both the borrower and the institution selling the participation to the Advisory Client. In certain circumstances, investing in the form of participation may be the most advantageous or only route for the Advisory Client to make or hold any such investment, including in light of limitations relating to local laws or the willingness of administrative agents or borrowers to allow the Advisory Client to become a direct lender.

Finally, loans may become non-performing for a variety of reasons. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity.

Unitranche Loans. Unitranche loans provide leverage levels comparable to a combination of first lien and second lien or subordinated loans. From the perspective of a lender, in addition to making a single loan, a unitranche loan may allow the lender to choose to participate in the “first out” tranche, which will generally receive priority with respect to payments of principal, interest and any other amounts due, or to choose to participate only in the “last out” tranche, which is generally paid after the first out tranche is paid. Advisory Clients may participate in “first out” and “last out” tranches of unitranche loans and make single unitranche loans.

Acquisition in loans, may also result in the acquisition of equity securities. Advisory Clients may also invest directly in the equity securities of portfolio companies. The goal of many Advisory Clients is to

dispose of such equity interests and realize gains upon disposition of such interests. However, the equity interest the Advisory Clients receive may not appreciate in value and, in fact, may decline in value. Therefore, the Advisory Clients may not be able to realize gains from their equity interests, and any gains realized on the disposition of any equity interests may not be sufficient to offset any other losses the Advisory Clients experience.

Prepayment Risk

Loans held by Advisory Clients are generally callable at any time, certain loans may be allocable at any time at no premium to par. The Adviser is generally unable to predict the rate and frequency of such repayments. Whether a loan is called will depend both on the continued positive performance of the issuer and the existence of favorable financing market conditions that allow such issuer the ability to replace existing financing with less expensive capital. As market conditions change frequently, the Adviser will often be unable to predict when, and if, this may be possible for each of an Advisory Client's issuers. In the case of some of these loans, having the loan called early may have the effect of reducing the Advisory Client's actual investment income below its expected investment income if the capital returned cannot be invested in transactions with equal or greater yields.

Limited Amortization Requirements

Certain Advisory Clients may invest in loans that have limited mandatory amortization requirements. While these loans may obligate an issuer to repay the loan out of asset sale proceeds, with annual excess cash flow or by refinancing upon maturity, repayment requirements may be subject to substantial limitations that would allow an issuer to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment may increase the risk that an issuer will not be able to repay or refinance the loans held by an Advisory Client when it matures.

Investments in High Yield Debt Instruments

Certain Advisory Clients are expected to invest in debt instruments that may be classified as "higher-yielding" (and, therefore, higher risk) debt instruments. In most cases, such debt will be rated below "investment grade" or will be unrated and will face both ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market for high yield instruments has experienced periods of volatility and reduced liquidity. High yield instruments may or may not be subordinated to certain other outstanding instruments and obligations of the issuer, which may be secured by all or substantially all of the issuer's assets. High yield instruments may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these instruments may reflect individual corporate developments. General economic recession (including the continuation of the current economic downturn) or a major decline in the demand for products and services in the industry in which the borrower operates would likely have a materially adverse impact on the value of such instruments or could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default of such instruments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these high-yield instruments.

CLO Investment Risks Generally

In the case of most CLOs, the securities are issued in multiple tranches, offering investors various maturity and credit risk characteristics, often categorized as senior, mezzanine and subordinated/equity according to their degree of risk. If there are defaults or the relevant collateral otherwise underperforms, scheduled payments to senior tranches of such securities take precedence over those of mezzanine tranches, and scheduled payments to mezzanine tranches have a priority in right of payment to subordinated/equity tranches.

In light of the above, CLOs may therefore present risks similar to those of other types of debt obligations and, in fact, such risks may be of greater significance in the case of CLOs depending upon an Advisory Client's ranking in the capital structure. In certain cases, losses may equal the total amount of such Advisory Client's principal investment. Investments in structured vehicles, including equity and junior debt instruments issued by CLOs, involve risks, including credit risk and market risk. Changes in interest rates and credit quality may cause significant price fluctuations.

In addition to the general risks associated with investing in debt instruments, CLO securities carry additional risks, including: (1) the possibility that distributions from collateral assets will not be adequate to make interest or other payments; (2) the quality of the collateral may decline in value or default; (3) investments in CLO equity and junior debt tranches will likely be subordinate in right of payment to other senior classes of CLO debt; and (4) the complex structure of a particular security may not be fully understood at the time of investment and may produce disputes with an Advisory Client or unexpected investment results. Additionally, changes in the collateral held by a CLO may cause payments on the instruments held by an Advisory Client to be reduced, either temporarily or permanently. CLOs also may be subject to prepayment risk. Further, the performance of a CLO may be adversely affected by a variety of factors, including the security's priority in the capital structure of the Advisory Client's portfolio company/issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. There are also the risks that the trustee of a CLO does not properly carry out its duties to the CLO, potentially resulting in loss to the CLO. In addition, the complex structure of the security may produce unexpected investment results, especially during times of market stress or volatility.

CLOs typically will have no significant assets other than the assets underlying such CLOs, including, but not limited to, secured loans, leveraged loans, project finance loans, unsecured loans, cash collateralized letters of credit and other asset-backed obligations, and/or instruments (each of which may be listed or unlisted and in bearer or registered form). Accordingly, payments on the CLO securities are and will be payable solely from the cash flows from the collateral, net of all management fees and other expenses.

Interest Rate Risk for CLOs. The fair value of investments may be significantly affected by changes in interest rates. Investments in senior-secured loans through CLOs are sensitive to interest rate levels and volatility. Although CLOs are generally structured to mitigate the risk of interest rate mismatch, there may be some difference between the timing of interest rate resets on the assets and liabilities of a CLO. Such a mismatch in timing could have a negative effect on the amount of funds distributed to CLO investors. In addition, CLOs may not be able to enter into hedge agreements, even if it may otherwise be in the best interests of the CLO to hedge such interest rate risk. Furthermore, in the event of a significant rising interest rate environment and/or economic downturn, such as that currently being

experienced in the U.S. and global financial markets, loan defaults may increase and result in credit losses that may adversely affect an Advisory Client's cash flow, fair value of its assets and operating results.

The senior-secured loans underlying CLOs typically have floating interest rates. A rising interest rate environment may increase loan defaults, resulting in losses for the CLOs and an Advisory Client. Further, a general rise in interest rates will increase the financing costs of the CLOs. However, since many of the senior secured loans within these CLOs have applicable minimum interest rates, there may not be corresponding increases in investment income constraining distributions to investors in these CLOs.

Investments in Carlyle-Managed CLOs

An Advisory Client may invest in CLOs that are sponsored or managed by Carlyle, which will involve conflicts of interest, including as described below. Furthermore, prospective investors in an Advisory Client should note that other actual and potential conflicts of interest that may arise from time to time in connection with the activities of an Advisory Client and the CLOs may be exacerbated as a result of CGCIM or CIM serving as manager and sponsor of the CLOs. The timing, amount and terms of the Advisory Client's investment in any particular Carlyle-managed CLO will be determined by CGCIM in its sole discretion. Any investment decisions by CGCIM relating to the selection of, investment in or allocation of investments for the Advisory Client to Carlyle-managed CLOs will involve a material conflict of interest due to the economic and other arrangements described herein. While CGCIM will use its good faith judgment to arrive at a fair and reasonable resolution of conflicts, CGCIM will not be required to take the Advisory Client's interests into account when making decisions on behalf of any Carlyle-managed CLO.

As the sponsor or manager of Carlyle-managed CLOs, CGCIM or CIM will be entitled to receive management fees, performance-based compensation and other fees, costs, expenses and other benefits from the Carlyle-managed CLOs. Such fees, costs and expenses are in addition to any incentive fees and management fees paid by the Advisory Client, and the Advisory Client will not receive the benefit of any such fees received by CGCIM or CIM from the Carlyle-managed CLOs. Further, the foregoing fees will be earned separately with respect to each Carlyle-managed CLO and the fees earned in respect of any single Carlyle-managed CLO will not be affected by the performance of other Carlyle-managed CLOs. These factors may create an incentive for CGCIM or CIM to engage in more risky or speculative transactions than may otherwise be the case in the absence of such arrangements.

There can be no assurance that CGCIM will identify and resolve all conflicts of interest in a manner that is favorable to the Advisory Client or the Advisory Client's investors and none of these conflicts will be subject to approval of the Advisory Client's investors.

Structured Finance Obligations

An Advisory Client may invest in entities organized and operated for the purpose of restructuring the investment characteristics of other debt securities. These investments will typically consist of subordinated debt securities issued by a private investment fund that invests, on a leveraged basis, in debt instruments. The cash flow on the underlying instruments may be apportioned among the newly issued security to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to such

securities is dependent on the extent of the cash flow on the underlying instruments. Because the Advisory Client will not own these assets directly, they will not benefit from rights that holders of the assets have, including indemnification and voting rights.

Exposure to structured finance securities entails various risks: credit risks, liquidity risks, prepayment risks, interest rate risks, market risks, operations risks, structural risks, geographical concentration risks, basis risks and legal risks. Structured finance securities are also subject to the risk that the servicer fails to perform. Structured finance securities are subject to risks associated with their structure and execution, including the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such structured finance securities, whether the collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the structured finance instrument) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors in such structured finance securities.

Underlying Borrower Fraud. Investing in debt instruments, including structured finance assets and CLOs, involves the possibility of investments being subject to potential losses arising from material misrepresentation or omission on the part of borrowers whose loans make up the assets of such entities. Such inaccuracy or incompleteness may adversely affect the valuation of the receivables or may adversely affect the ability of the relevant entity to perfect or effectuate a lien on the collateral securing its assets. The structured finance assets (including CLOs) in which an Advisory Client may invest will rely upon the accuracy and completeness of representations made by the underlying borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. In addition, Advisory Clients are subject to the risk that the systems used by the originators of structured finance assets, including CLOs, to control for accuracy are defective. Under certain circumstances, payments to certain Advisory Clients may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Underlying Default Risks. To the extent underlying default rates with respect to the debt instruments in which an Advisory Client invests occur or otherwise increase, the performance of the an Advisory Client's investments may be adversely affected. The rate of defaults and losses on debt instruments will be affected by a number of factors, including global, regional and local economic conditions in the area where the receivables are located, the financial circumstances of the borrower as well as the general market conditions. A decline in global markets (or any particular sub-market thereof) may result in higher delinquencies and/or defaults as borrowers may not be able to repay or refinance their outstanding debt obligations when due for a variety of reasons, which may adversely affect the performance of an Advisory Client's investments.

Failure to Satisfy Certain Tests. The failure by a CLO in which an Advisory Client invests to satisfy financial covenants, including with respect to adequate collateralization and/or interest coverage tests, could lead to a reduction in its payments to such Advisory Client. In the event that a CLO fails certain tests, holders of CLO senior debt may be entitled to additional payments that would, in turn, reduce the payments the Advisory Client would otherwise be entitled to receive. Separately, an Advisory Client may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting CLO or any other investment an Advisory Client may make. If any of these occur, it could materially and adversely affect

an Advisory Client's returns.

Leveraged Credit Risks. Certain Advisory Clients are expected to be in a first loss or subordinated position with respect to realized losses on the collateral of its issuers. The leveraged nature of CLO equity and CLO mezzanine securities, in particular, magnifies the adverse impact of loan defaults. CLO investments represent a leveraged investment with respect to the underlying loans. Therefore, changes in the market value of the CLO investments could be greater than the change in the market value of the underlying loans, which are subject to credit, liquidity and interest rate risk.

Prepayments and Reinvestment Risk. An Advisory Client's investments and the assets that collateralize them may prepay more quickly than expected and have an impact on the value of such Advisory Client. Prepayment rates are influenced by changes in interest rates and a variety of factors beyond an Advisory Client's control and consequently cannot be accurately predicted. Early prepayments give rise to increased re-investment risk, as an Advisory Client or a CLO collateral manager might realize excess cash from prepayments earlier than expected. If an Advisory Client or a CLO collateral manager is unable to reinvest such cash in a new investment with an expected rate of return at least equal to that of the investment repaid, this may reduce net income and the fair value of that asset.

Reliance on Collateral Managers; Reinvestment of Proceeds upon Prepayment of Collateral. Certain Advisory Clients are expected to rely on CLO collateral managers to administer and review the portfolios of collateral they manage. The actions of the CLO collateral managers may significantly affect the return on investments. The ability of each CLO collateral manager to identify and report on issues affecting its securitization portfolio on a timely basis could also affect the return on investments, as an Advisory Client may not be provided with information on a timely basis in order to take appropriate measures to manage its risks. Certain Advisory Clients are also expected to rely on CLO collateral managers to act in the best interests of the CLOs they manage. If any CLO collateral manager were to act in a manner that was not in the best interest of the CLOs (e.g., gross negligence, with reckless disregard or in bad faith), this could adversely impact the overall performance of investments.

CLOs are typically actively managed by a collateral manager, and as a result the interests therein are traded, subject to credit rating agency and other constraints, by such investment manager. The aggregate return on the CLO equity securities will depend in part upon the ability of each collateral manager to actively manage the issuer's portfolio of assets. Additionally, CLOs may be negatively impacted by rating agency actions, and if the securities issued by, or the portfolio securities of, a CLO are downgraded, an Advisory Client's investment may decline in value. It is possible that an affiliate of the Advisory Client may participate (in certain instances) in the review and approval of the initial collateral selection of the Advisory Client's issuers as well as any collateral additions to the portfolio. In times of market stress, valuation of CLO securities may reflect wide bid-ask spreads from numerous valuation sources and be subject to good faith valuations. However, the exercise of control over an issuer could expose the assets of the Advisory Client to claims by such issuer, its investors and its creditors. While CGCIM intends to manage Advisory Clients in a manner that will minimize the exposure of these risks, the possibility of successful claims cannot be precluded.

Further, concentration of structured credit investments with a limited number of collateral managers, whether having resulted from industry consolidation or otherwise, could adversely affect an Advisory Client if the related collateral managers fail to fulfill their functions effectively or at all.

Certain Additional Risks. Between the closing date and the effective date of a CLO, the CLO collateral manager will generally expect to purchase additional collateral obligations for the CLO. During this period, the price and availability of these collateral obligations may be adversely affected by a number of market factors, including price volatility and availability of investments suitable for the CLO, which could hamper the ability of the collateral manager to acquire a portfolio of collateral obligations that will satisfy specified concentration limitations and allow the CLO to reach the target initial par amount of collateral prior to the effective date. An inability or delay in reaching the target initial par amount of collateral may adversely affect the timing and amount of interest or principal payments received by the holders of the CLO debt securities and distributions on the CLO equity securities and could result in early redemptions which may cause CLO debt and equity investors to receive less than face value of their investment.

Credit-Linked Securities

Credit-linked securities are typically privately negotiated transactions between two or more parties. The Advisory Client bears the risk that the issuer of the credit-linked security will default or become bankrupt. The Advisory Client bears the risk of loss of its principal investment, and the periodic interest payments expected to be received for the duration of its investment in the credit-linked security. Credit-linked securities are also subject to credit risk of the corporate or other credits underlying the instrument. If one of the underlying credits defaults, the Advisory Client may receive the security that has defaulted, and the Advisory Client's principal investment would be reduced by the corresponding face value of the defaulted security.

The market for credit-linked securities may be, or suddenly can become, illiquid. The other parties to the transaction may be the only investors with sufficient understanding of the transaction to be interested in bidding for it. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for credit-linked securities. In certain cases, a market price for a credit-linked security may not be available.

Synthetic Securities

A portion of the investments of an Advisory Client may consist of synthetic securities, the reference obligations of which may be leveraged loans, high-yield debt securities or similar securities. Investments in such types of assets through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of such collateral obligations. With respect to each synthetic security, the Advisory Client will usually have a contractual relationship only with the counterparty of such synthetic security, and not the reference obligor on the reference obligation. As such, the Advisory Client may not have the rights or the ability to enforce rights of a typical lender.

Distressed Investments

An Advisory Client's investment program may include making distressed investments (*e.g.*, investments in defaulted, out-of-favor or distressed bank loans and debt and equity instruments). Such investments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their

financial condition and may have very high amounts of leverage. Distressed companies typically are in default under, or have a significant risk of an inability to service, their debt obligations, especially during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing and may be unable to repay debt by refinancing. Investments in distressed companies may be premised on a turnaround strategy. If turnarounds are not achieved, these companies could experience failures or substantial declines in value, and an Advisory Client may not be able to divest itself of such unprofitable investments in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons. The value of distressed instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities or instruments. Distressed investments are often more sensitive to company-specific developments and changes in economic conditions than other assets. Furthermore, distressed debt instruments are often unsecured and may be subordinated to senior debt. Accordingly, an investment in an Advisory Client should only be considered by persons who can afford a loss of their entire investment. In certain circumstances the execution of a distressed investing strategy involves the ability to identify and exploit the relationships between movements in different securities and instruments within an issuer's or borrower's capital structure (e.g., senior bank debt, second liens, debt securities and other obligations, convertible and non-convertible senior and subordinated debt, preferred equity and common stock). In the event that the perceived pricing inefficiencies underlying an issuer's securities or instruments were to fail to materialize as expected, an Advisory Client could incur a loss.

Investments in Middle-Market Companies

Investments in middle-market companies such as those in which certain Advisory Clients may invest, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies.

Certain Advisory Clients may invest primarily in loans to middle market companies whose debt, if rated, is rated below investment grade and, if not rated, would likely be rated below investment grade if it were rated. Investments rated below investment grade are generally considered higher risk than investment grade instruments. Bonds that are rated below investment grade are sometimes referred to as "high yield bonds" or "junk bonds." Exposure to below investment grade instruments involves certain risks, including speculation with respect to the borrower's capacity to pay interest and repay principal. In particular, middle-market companies:

- may have limited financial resources and may be unable to meet their obligations under their debt securities that the Advisory Client holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Advisory Client realizing on any guarantees or security it may have obtained in connection with its investment;
- typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a company and, in turn, on the Advisory Client;

- generally disclose little public information. These companies and their financial information are usually not subject to the Exchange Act, and other regulations that govern public companies, and an Advisory Client may be unable to uncover all material information about these companies, which may prevent it from making a fully informed investment decision and cause an Advisory Client to lose money on its investments;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, an Advisory Client's executive officers, directors and CGCIM or its affiliates may, in the ordinary course of business, be named as defendants in litigation arising from Advisory Client investments in the companies;
- are affected by changes in laws and regulations, as well as their interpretations, which may adversely affect an Advisory Client's business, financial structure or prospects; and
- may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Investments in Highly Leveraged Companies

Certain Advisory Clients make investments in issuers whose capital structures have significant leverage (including substantial leverage senior to the Advisory Client's investment), a considerable portion of which may be at floating interest rates. The leveraged capital structure of such issuers will increase their exposure to adverse economic factors such as rising interest rates, continued downturns in the economy or further deteriorations in the financial condition of the issuer or its industry. This leverage may result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged issuers. In using leverage, these issuers may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates may significantly increase the issuers or project's interest expense, or a significant industry downturn may affect a company's ability to generate positive cash flow, in either case causing an inability to service outstanding debt and interest payments on indebtedness will have to be made regardless of the sufficiency of cash flow from the investments. An Advisory Client's investments may be among the most junior financing in an issuer's capital structure. In the event such issuer cannot generate adequate cash flow to meet debt obligations, the company may default on its loan agreements or be forced into bankruptcy resulting in a restructuring or liquidation of the company, and the particularly in light of an Advisory Client's subordinated and/or unsecured position of an Advisory Client's investments, may suffer a partial or total loss of capital invested in the company, which could adversely affect the return of the relevant Advisory Client.

Convertible Securities

Convertible securities are bonds, debentures, notes, preferred equities or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security generally entitles its holder to receive interest or a dividend until the convertible security matures or is redeemed or

converted. Convertible securities generally: (i) have higher yields than the dividends on the underlying common stocks, but lower yields than non-convertible securities of a comparable duration; (ii) are less volatile in price than the underlying common stock due to their fixed-income characteristics; (iii) have a significant option component to their value which is directly impacted by the prevailing market volatility and interest rates; and (iv) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion feature) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates (with investment value declining as interest rates increase) as well as market volatility (with the conversion value increasing as market volatility increases). The credit standing of the issuer and other factors may also have an effect on investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent that the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases (as with an option) as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer. If a convertible security held by an Advisory Client is called for redemption, the Advisory Client will be required either to permit the issuer to redeem the security or convert it into the underlying common stock. Either of these actions could have an adverse effect on the value of the position.

Preferred Stock

Preferred stock generally has a preference as to dividends and upon the event of liquidation over an issuer’s common stock, but it ranks junior to debt securities in an issuer’s capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer’s board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer’s common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Credit Derivatives

Certain Advisory Clients are expected to engage in trading or investing in credit derivative or credit insurance contracts, which are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another, for hedging purposes. Such instruments may include one or more credits. The market for credit derivatives may be relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. Generally, a credit event means bankruptcy, a failure to pay, the acceleration of an obligation or modified restructuring of a credit obligation or instrument.

Credit Rating

Rating agencies rate debt securities based upon their assessment of the likelihood of the receipt of principal and interest payment. Rating agencies do not consider the risks of fluctuations in market value or other factors that may influence the value of debt securities. Therefore, the credit rating assigned to a particular instrument may not fully reflect the true risks of an investment in such instrument. Credit rating agencies may change their methods of evaluating credit risk and determining ratings. These changes may occur quickly and often. While an Advisory Client may give some consideration to ratings, ratings may not be indicative of the actual credit risk of an Advisory Client's investments in rated instruments and each investment may not have a public rating available. An Advisory Client will not necessarily dispose of a security when its rating is reduced below its rating at the time of purchase.

Recharacterization

An Advisory Client may seek to place its representatives on the boards of certain companies in which the Advisory Client has invested. While such representation may enable the Advisory Client to enhance the sale value of its debt investments in a company, such involvement may also prevent the Advisory Client from freely disposing of its debt investments and may subject the Advisory Client to additional liability or result in recharacterization of the Advisory Client's debt investments as equity. An Advisory Client will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

In addition, if a court determined that a purported debt investment lacked sufficient indicia of indebtedness, such court could characterize such loan as equity for the purpose of priority of distributions in an insolvency proceeding of the borrower. Because of the nature of certain of the investments contemplated, an Advisory Client could be subject to claims from creditors of an obligor that the related investment should be recharacterized.

Default and Recovery Rates of Loans and High Yield Securities

There are varying sources of statistical default and recovery rate data for loans and high yield securities and numerous methods for measuring default and recovery rates. The historical performance of the high yield market or the leveraged loan market referred to herein is not necessarily indicative of its future performance.

Uncertainty as to the Value of Certain Investments

A number of investments held by Global Credit advisory clients are investments in debt instruments that are not publicly traded. The fair value of these instruments may not be readily determinable. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed.

Mezzanine Investments

Certain Advisory Clients may make mezzanine investments, which investments are expected to be unsecured and made in companies or projects whose capital structures have significant indebtedness ranking ahead of the investments, all or a significant portion of which may be secured. While the investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions and security over the issuer's assets, some or all of such terms may not be part of particular investments. Moreover, the ability of an Advisory Client to influence such an issuer's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Mezzanine investments generally are subject to various risks, including, without limitation: (i) a subsequent characterization of an investment as a "fraudulent conveyance"; (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the period before a bankruptcy filing; (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by an issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations.

Zero Coupon and PIK Bonds

Because investors in zero coupon or PIK bonds receive no cash prior to the maturity or cash payment date applicable thereto, an investment in such securities generally has a greater potential for complete loss of principal and/or return than an investment in debt securities that make periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

Counterparty Risk

Certain Advisory Clients are exposed to the risk that third parties that may owe the Advisory Client or (or an underlying company) money, securities or other assets will not perform their obligations. These parties include contractual and trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Nonpayment and nonperformance by such parties may reduce revenues and increase expenses, and any significant level of nonpayment and nonperformance could have a negative impact on an issuers' ability to conduct business, operating results, cash flows and its ability to service debt obligations and make distributions to an Advisory Client. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Advisory Client, or executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. In addition, any practice of rehypothecation of securities related to the Advisory Client investment held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency or failure of such counterparties. In addition, any Advisory Client's cash held with a prime broker, custodian or counterparty may not be segregated from the prime broker's, custodian's or counterparty's own cash, and the Advisory Client therefore may rank as an unsecured creditor in relation thereto. The inability to recover such assets could have a material impact on Carlyle or on the performance of the Advisory Client. The consolidation and elimination of counterparties resulting from the disruption in the financial markets has generally

increased the concentration of counterparty risk and has decreased the number of potential counterparties.

Weak economic conditions and widespread financial stress (including recent failures of banks in the U.S. and Europe), has reduced and may continue to reduce the liquidity of an issuers' contractual and trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries, making it more difficult for them to meet their obligations to issuers. An Advisory Client is therefore subject to risks of loss resulting from nonpayment or nonperformance by parties to whom such issuers extend credit. Financial problems encountered by such parties limit an issuers' ability to collect amounts owed to such issuer, or to enforce the performance of obligations owed to such issuer under contractual arrangements. In addition, nonperformance by certain parties, who have committed to provide issuers with critical products or services, increases an issuers' costs and could result in significant disruptions or interfere with such issuer's ability to successfully conduct its business.

Expedited Investment Decisions

Investment analyses and decisions in connection with investments by Advisory Clients may be required to be undertaken on an expedited basis to take advantage of investment opportunities. While Advisory Clients will generally not seek to make an investment until the Adviser has conducted sufficient due diligence to make a determination as to the potential risks of the investment and the underlying issuer, in such cases, the information available at the time of making an investment decision may be limited. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment and the Advisory Client may make investments which it would not have made if more extensive due diligence had been undertaken. Similar concerns may arise to the extent that an Advisory Client makes opportunistic investments in broadly syndicated debt. The circumstances of such investments may not facilitate the type of due diligence the Adviser seeks to conduct in respect of direct lending investments. In addition, Carlyle will from time to time involve independent consultants in connection with its evaluation and/or diligence of certain proposed issuers. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and an Advisory Client may incur liability as a result of such consultants' actions.

Energy Industry Risks

Investments in the energy industry are subject to certain special risks, including the volatility of commodity prices, regulatory risk, regulatory approvals, political and social changes, documentation and other legal risk, sovereign risk, change of law, renewable energy policy risk, uncertainty of estimates, land title risk, construction risk, environmental matters, catastrophe risk, terrorist activities, climate change risk and new technology risk. See "Ongoing Turmoil in the U.S. and Global Financial Markets" for additional discussion on energy industry volatility.

New Technology Risks

Historically, technology changes in the energy sector have resulted in gradual incremental improvements with no disruptive technology impacts. However, there are currently a number of companies and scientific research institutions (including those supported by major venture capital firms and corporations) seeking to develop disruptive technologies designed to reduce dependence upon large-

scale fossil fuel generation (for example, electric vehicles). In the event that a disruptive technology in the energy industry is successfully developed and implemented, an Advisory Client's investments might be adversely affected. While an Advisory Client's investments may benefit from such technologies, there can be no assurance that technology innovation will not favor properties of a type not held by the Advisory Client, which would competitively disadvantage the Advisory Client and possibly drive down the value of its assets.

Infrastructure Investment Risks Generally

Nature of Infrastructure Debt Investments Generally. An infrastructure credit Advisory Client may seek to make debt and debt-related investments involving global infrastructure and infrastructure-related projects, companies and assets. Such investments may be in loan, note, bond or preferred equity format (including, but not limited to, project bond issuances that qualify for the Rule 144A safe harbor), secured or unsecured with floating and/or fixed interest rates, and include senior and subordinated debt, mezzanine debt, convertible notes, preferred equity and other debt-like instruments. Investment in infrastructure projects, companies and assets involves many unique and acute risks. Project revenues can be affected by a number of factors including economic and market conditions, political events, competition, regulation and the financial position, credit quality and business strategy of customers / contractual counterparties. Unanticipated changes in the availability or price of inputs necessary for the operation of infrastructure assets may adversely affect the overall profitability of an Investment or related project. Events outside the control of an issuer of an Advisory Client, such as political action, governmental regulation, tariffs, import duties, demographic changes, economic conditions, government macroeconomic policies, political events, toll rates, power and energy prices, transportation charges, service fees, social instability, natural disasters (such as fire, floods, earthquakes and typhoons), changes in weather, changes in wastewater operations, changes in demand for products or services, including for digital infrastructure assets, assets in connection with social infrastructure and energy transition infrastructure (e.g., natural gas pipelines, liquefied natural gas export infrastructure, and regulated natural gas/hydrogen), political or local opposition, technical obsolescence, slower than projected construction progress, bankruptcy or financial difficulty of a major service provider, customer or supplier and acts of war or terrorism and other unforeseen circumstances and incidents could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining or restoring infrastructure facilities. In turn, this may impair an issuer's ability to repay its debt, make distributions to an Advisory Client or even result in termination of an applicable concession or other agreement. As a general matter, the operation and maintenance of infrastructure projects, companies or assets involve various risks and are subject to substantial regulation, many of which may not be under the control of the owner / operator, including labor issues, failure of technology to perform as anticipated, structural failures and accidents and the need to comply with the directives of government authorities. Although issuers may maintain insurance to protect against certain risks, where available on reasonable commercial terms (such as business interruption insurance that is intended to offset loss of revenues during an operational interruption), such insurance is subject to customary deductibles and coverage limits and may not be sufficient to recoup all of an issuer's losses. Furthermore, once infrastructure assets of an issuer become operational, they may face competition from other infrastructure assets in the vicinity of the assets they operate, the presence of which depends in part on governmental plans and policies.

Certain energy companies may be particularly sensitive to weather and climate conditions. For example, solar power generators rely on the frequency and intensity of sunlight, wind turbines rely on the

frequency and intensity of the wind, and companies focused on biomass rely on the production of crops, which can be adversely affected by droughts and other weather conditions. Furthermore, climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with operations and increase operating costs, and damage resulting from extreme weather may not be fully insured.

Any deterioration of infrastructure resources generally, including as a result of any changes to federal, state or local tax credits, other favorable tax treatment or other forms of support for renewable energy, could negatively impact the performance of an Advisory Client by making it more difficult for entities with respect to which such Advisory Client has an investment to satisfy their debt payment obligations, increasing the default risk applicable to such borrowers and/or making it relatively more difficult for such Advisory Client to generate attractive risk-adjusted returns. Changes in general economic conditions and/or market fluctuations will also affect the creditworthiness of borrowers.

Governmental and Regulatory Risks. Infrastructure investments are subject to substantial government regulation and governments have considerable discretion to implement regulations that could affect the business of infrastructure investing. In many instances, the operation or acquisition of infrastructure assets involves an ongoing commitment to or from a governmental agency, and the operation of infrastructure assets often relies on government permits, licenses, concessions, leases or contracts. The nature of these obligations and dependencies expose the owners of infrastructure assets to a higher level of regulatory control than typically imposed on other businesses, resulting in government entities having significant influence over such owners and companies.

Where an Advisory Client issuer holds a concession or lease from the government, the concession or lease may restrict such issuer's ability to operate the business in a way that maximizes cash flows and profitability. The lease or concession may also contain clauses more favorable to the government counterparty than a typical commercial contract. For instance, the lease or concession may enable the government to terminate the lease or concession in certain circumstances without requiring payment of adequate compensation.

In addition, the operation and financial performance of infrastructure projects are significantly dependent on governmental policies and regulatory frameworks that support infrastructure sources. Investments in infrastructure and related businesses and/or assets currently enjoy support from national, state and local governments and regulatory agencies designed to finance or support the financing development thereof, including incentives granted under the Inflation Reduction Act of 2022, the U.S. federal investment tax credit and federal production tax credit, U.S. Department of the Treasury grants, various renewable and alternative portfolio standard requirements enacted by several states and state-level utility programs, such as system benefits charge and customer choice programs. There can be no assurance that government support for infrastructure will continue and that favorable legislation will pass.

In addition, governmental entities may exercise their discretion to change or increase regulation of the operations of Advisory Client issuers or to implement laws, regulations or policies affecting their operations, separate from any contractual rights that the government counterparties may have, in a manner that causes delays or adversely affects the operation of the business of such issuers.

Demand / Usage Risk. Demand, usage and throughput risk can affect the performance of infrastructure assets. Demand, usage and throughput depend on, and may be affected by, a wide variety of factors, such as political action, governmental regulation, tariffs, import duties, demographic changes, economic conditions, government macroeconomic policies, political events, toll rates, power and energy prices, transportation charges, service fees, social instability, natural disasters (such as fire, floods, earthquakes and typhoons), changes in weather, changes in wastewater operations, changes in demand for products or services, including for digital infrastructure assets, political or local opposition, technical obsolescence, slower than projected construction progress, bankruptcy or financial difficulty of a major customer and acts of war or terrorism and other unforeseen circumstances and incidents. To the extent that Carlyle's assumptions regarding demand, usage and throughput prove incorrect, returns to an Advisory Client could be adversely affected. Some investments may be subject to seasonal variations, including greater revenues and profitability during different seasons of the year. Accordingly, the operating results for any particular investment of an Advisory Client in any particular quarter may not be indicative of the results that can be expected for that investment throughout the year.

Operations and Maintenance Risk. As a general matter, the operation and maintenance of infrastructure assets involve significant capital expenditures and various risks, many of which may not be under the control of the owner / operator, including labor issues, political or local opposition, failure of technology to perform as anticipated, technical obsolescence, increasing fuel prices, structural failures and accidents, environment related issues, counterparty non-performance and the need to comply with the directives of government authorities. Optional or mandatory improvements, upgrades or rehabilitation of infrastructure assets may cause delays or result in closures or other disruptions subjecting an Advisory Client's investment to various risks including lower revenues. The operations of infrastructure projects are exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosions, fires, terrorist attacks, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance. Moreover, any loss from such events may not be recoverable under relevant insurance policies. Business interruption insurance is not always available, or economic, to protect the business from these risks.

Construction Risk. In connection with any new development project (*i.e.*, a "greenfield" project), expansion of a facility or acquisition of a facility in late-stage development, an Advisory Client issuer may also face construction risks typical for infrastructure businesses, including, without limitation, (i) labor disputes, shortages of material and skilled labor or work stoppages, (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment, (iii) less than optimal coordination with public utilities in the relocation of their facilities, (iv) adverse weather conditions and unexpected construction conditions, (v) accidents or the breakdown or failure of construction equipment or processes and (vi) catastrophic events such as explosions, fires and terrorist activities and other similar events beyond Carlyle's control. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction activities once undertaken, any of which could have an adverse effect on an Advisory Client.

Interest Rate Fluctuations

General interest rate fluctuations may have a substantial negative impact on an Advisory Client's investment and investment opportunities and accordingly may have an adverse effect on an Advisory Client's investment objectives and the rate of return on invested capital. The securities and other instruments in which an Advisory Client will invest have valuations which are based on numerous factors, including specific company characteristics. However, such securities and other instruments are also susceptible to fluctuations in interest rates and, like treasury bonds, the prices of securities and other instruments can increase when interest rates fall and decline when interest rates rise.

1940 Act Regulations

The 1940 Act imposes numerous constraints on the operations of certain Advisory Clients, including the BDCs, CCIF, CAPM and CTAC, which may hinder their ability to take advantage of attractive investment opportunities and to achieve their investment objective. Furthermore, any failure to comply with the requirements imposed on Advisory Clients by the 1940 Act could cause the SEC to bring an enforcement action against the Adviser, one or more Advisory Clients and their affiliated persons and/or expose such Advisory Clients to claims of private litigants. With respect to the BDCs, upon approval of a majority of a BDC's stockholders, the BDC may elect to withdraw its status as a BDC. If a BDC decides to withdraw its election, or if it otherwise fails to qualify, or maintain its qualification, as a BDC, it may be subject to substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease a BDC Advisory Client's operating flexibility, and could significantly increase its costs of doing business.

In addition, the boards of the BDCs, CCIF, CAPM and CTAC are not controlled by Carlyle or CGCIM, and such boards may choose not to renew the investment advisory agreement with CGCIM. In addition, from time to time, the independent directors of such boards are required to approve co-investments, and such directors may choose to decline to participate in the proposed investment opportunities even if the Adviser believes the investment opportunity is appropriate and within the respective Advisory Client's investment mandate.

Leveraged Nature of Preferred Interests

The preferred interests issued by certain Advisory Clients represent a highly leveraged investment in such Advisory Clients' underlying assets which could be significantly affected by, among other things, changes in the market value of, changes in the distributions, defaults and recoveries, capital gains and losses, prepayments and the availability, prices and interest rates of underlying assets. Accordingly, these securities may not be paid in full and may be subject to up to 100% loss. Furthermore, the leveraged nature of these securities may magnify the adverse impact on the preferred interests of changes in the market value, changes in the distributions, defaults and recoveries, capital gains and losses, prepayments and availability, prices and interest rates of the underlying assets.

POTENTIAL CONFLICTS OF INTEREST

There will be occasions when CGCIM and its affiliates may encounter potential conflicts of interest in connection with an Advisory Client. There can be no assurance that CGCIM will identify or resolve any conflict of interest in a manner that is favorable to a particular Advisory Client. In particular, the size and overall complexity of Carlyle as a business likely increases the number and severity of the conflict

of interest that may confront a general partner, an Advisory Client and their affiliates as compared to other sponsors that manage fewer investment programs and pursue fewer investment strategies. Moreover, as a consequence of the Public Company status as a public company, the officers, directors, members, managers and employees of Carlyle may take into account certain considerations and other factors in connection with the management of the business and affairs of an Advisory Client that would not necessarily be taken into account if the Public Company were not a public company. In addition to the conflicts of interest discussed elsewhere in this Brochure, the following discussion enumerates certain potential conflicts of interest:

Incentive Fees and Carried Interest

As described in Items 5 and 6, incentive fees and carried interest may create incentives to make riskier or more speculative investments on behalf of an investment vehicle than would be the case in the absence of this arrangement. Pursuant to an Advisory Client's governing documents, the general partner of such Advisory Client may be required to return excess amounts of carried interest as a "clawback." This clawback obligation creates an incentive for the general partner to defer disposition of one or more investments or delay the liquidation of an Advisory Client if the disposition and/or liquidation would result in a realized loss to the Advisory Client or would otherwise result in a clawback situation for such general partner. In addition, the general partner of an Advisory Client may elect to compensate its personnel with shares of the Public Company, including in circumstances in which cash proceeds are received in connection with the disposition of an Advisory Client's investment. To the extent such personnel are unable to sell such shares, or the value of such shares decreases, such personnel may have a reduced incentive to devote the necessary time and attention to the investment activities of such Advisory Client or otherwise remain at Carlyle.

In addition, the manner in which a general partner of an Advisory Client's entitlement to carried interest is determined may result in a conflict between its interests and the interests of investors with respect to the sequence and timing of disposals of investments. For example, the members and partners of the general partner of an Advisory Client are generally subject to U.S. federal and local income tax (unlike certain of the investors). Investors should note in this regard that current law imposes a lower capital gains tax rate on carried interest in respect of investments held for at least three years. Carlyle may be incentivized to operate an Advisory Client, including to acquire, structure, hold and/or sell investments (including follow-on investments), in a manner that takes into account the tax treatment of its carried interest. While each Advisory Client's general partner (or other similar managing fiduciary) generally intends to seek to maximize pre-tax returns for the relevant Advisory Client as a whole, such general partner may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments prior to any change in law that results in a higher effective income tax rate on its carried interest. See also "Valuations of Investments" below.

Further, Carlyle expects, from time to time, to defer distributions of carried interest that it is entitled to early in the life of an Advisory Client. Such a deferral may be made in connection with an investment in respect of which certain limited partners of an Advisory Client participate through a corporation. To the extent that the general partner of an Advisory Client later receives a "make-whole" distribution from a separate investment in respect of which those limited partners do not participate through a corporation, the aggregate after-tax proceeds received by such limited partners may be lower than what would have been the case had the carried interest not been deferred.

Incentive Management Fees

For the period CSL and its affiliates retain all of the preferred interests of CDL CLO, CGCIM does not earn management fees for providing collateral management services to CDL CLO. CSL currently retains all of the preferred interests of CDL CLO, thus CGCIM does not earn management fees for providing collateral management services to CDL CLO. As a result, CGCIM may receive less compensation for the services it provides to CDL CLO than for investment advisory services provided to other Advisory Clients. If none of CSL or its affiliates retain all of the preferred interests of CDL CLO, CGCIM would be entitled, subject to certain limitations and priority-of-payment provisions set forth in CDL CLO's documentation, to a base management fee, a subordinated management fee and an incentive management fee. These fees may create incentives for CGCIM, as the collateral manager, to make decisions that may conflict with the interests of the holders of securities issued by CDL CLO. In particular, the manner in which the incentive management fee is determined could create a further incentive for CGCIM to make more speculative investments in CDL CLO's portfolio assets than CDL CLO would otherwise make, in order to increase the likelihood that the preferred interests issued by CDL CLO receive a rate of return sufficient to cause the internal rate of return threshold triggering the incentive management fee to be met. In addition, the amount of fees received by CGCIM as the collateral manager of CDL CLO will be reduced or even eliminated to the extent Carlyle Holders own the preferred interests to be issued by CDL CLO. As a result, CGCIM may receive less compensation for the services it provides to CDL CLO than it receives for investment advisory services it provides to other Advisory Clients.

As noted previously, CGCIM does not receive management fees or incentive management fees from MMCF or MMCF II.

Valuations of Investments

There may be situations in which CGCIM is incentivized to influence or manipulate the valuation of investments. For example, CGCIM could be motivated to overstate valuation in order to: (i) improve an Advisory Client's track record, (ii) minimize losses from write-downs that must be returned prior to an affiliate receiving carried interest, or (iii) for certain Advisory Clients, and to a lesser extent, increase fees due to CGCIM, such as a management fee that is calculated as a percentage of the value of the Advisory Client assets.

CGCIM values securities and instruments at their fair value in accordance with the Financial Accounting Standard Board's Accounting Standards Codification ("ASC") Topic 820-10, "Fair Value Measurements." To facilitate this process, CGCIM and its affiliates have implemented a written valuation policy (the "Valuation Policy"), supplemented by guidance and valuation templates. If active market quotations are readily available, CGCIM or the respective board of directors of each BDC (and the MMCF board of managers) generally values securities and other instruments at their market price, with a discount in certain cases of restricted securities and/or other instruments. Otherwise, securities and other instruments are valued based on management's judgment and estimation in accordance with the Valuation Policy, guidance and templates.

The valuation procedures may differ based on the type of security and/or instrument and the observability of market inputs, and may include reliance on analyses of similar publicly traded companies, recent comparable transactions, and discounted cash flow models. CGCIM may alter the

valuation procedures if one or more valuation techniques are no longer relevant or for which one or more valuation techniques become relevant, either due to limited availability of observable inputs or based on changes in the market of the type of security/instrument being valued. Investors typically receive disclosure regarding the valuation process of an Advisory Client in the offering documents for the relevant Advisory Client.

As noted in Item 8 above, the board of directors of each BDC, with the assistance of CGCIM, is responsible for determining in good faith the fair value of such BDC's portfolio investments. As CDL CLO is consolidated with CSL for financial reporting purposes, the fair value of CDL CLO's portfolio investments ultimately is subject to the approval of CSL's board of directors, pursuant to CSL's valuation procedures. Due to factors described in Item 8, there may be uncertainties as to the fair value of portfolio investments. MMCF will not be consolidated with CSL for financial reporting purposes and, therefore, the fair value of MMCF's portfolio investments ultimately will be subject to the approval of the MMCF board of managers, pursuant to applicable valuation policies. MMCF II will also not be consolidated with CSL for financial reporting purposes. The MMCF II board of managers has approved and adopted the Valuation Policy, and the fair value of MMCF II's portfolio investments is determined by the officers of MMCF II in accordance with the Valuation Policy.

The board of trustees of CTAC and CCIF, with the assistance of CGCIM, is responsible for the valuation of CTAC's and CCIF's portfolio investments for which market quotations are not readily available, as determined in good faith pursuant to the CTAC and CCIF valuation policy. Portfolio securities and other assets for which market quotes are readily available are valued at market value. The board of trustees of CTAC and CCIF has delegated day-to-day responsibility for implementing the portfolio valuation process to CGCIM.

Moreover, to the extent applicable to an Advisory Client, the valuation procedures may change over time and have subjective elements including as to interpreting whether a writedown represents a permanent decline in value that may be deducted under Section 165(g) of the U.S. Internal Revenue Code of 1986, as amended. Although CGCIM will make valuation determinations in accordance with the governing agreement of an Advisory Client and the Valuation Policy, the impact of such determinations on management fees and carried interest or incentive fees payable to CGCIM or its affiliates, as applicable, creates incentives on the part of the CGCIM to refrain from or delay in determining that an investment has been permanently impaired or is worthless and to select and/or apply valuation methodologies in a manner that maximizes the amount of fees and carried interest CGCIM or its affiliates receives. In addition, the management fee and/or carried interest terms of an Advisory Client could incentivize the general partner of an Advisory Client to hold on to investments that are valued below cost and that have poor prospects for improvement, which determination generally remains in the sole discretion of the general partner of the Advisory Client. As a result, the valuation of investments has conflicts that may not be resolved in favor of investors of an Advisory Client.

There will be no retroactive adjustment in the valuation of any investment or the management fees and/or carried interest paid to CGCIM or its affiliates to the extent any valuation proves to not accurately reflect the realizable value of an asset of an Advisory Client, even if that retroactive adjustment would benefit the Advisory Client and/or its investors.

Carlyle Global Capital Markets Provider

One or more affiliates of the general partner of an Advisory Client are expected to be entitled to receive certain fees and interest payments in connection with the activities of such Advisory Client and its portfolio companies, including, without limitation, offering, placement, financing, commitment, syndication, capital markets advisory, turnaround, workout, underwriting, solicitation, investment banking, currency, hedging, structuring, loan agent, loan servicing, insurance, rating advisory or similar fees in connection with the activities of such Advisory Client and its portfolio companies, including with respect to an initial public offering or private placement, the arranging or provision of credit facilities for such Advisory Client or one of its portfolio companies and other vehicles managed or controlled by Carlyle, the distribution or placement of debt or equity securities of an Advisory Client's portfolio company or otherwise arranging or providing financing for such portfolio company alone or with other lenders, which could include other vehicles managed or controlled by Carlyle (any such services, "GCM Services"). Such an affiliate is either (i) a U.S. regulated broker-dealer or a non-U.S. equivalent thereof or (ii) otherwise conducts a financial services, loan origination, structuring, placement or other similar business (including, for example, as a broker, dealer, distributor, syndicator, arranger, underwriter, servicer or originator of securities or loans (a "GCM Provider").

Carlyle is committed to growing its GCM Services, and could in the future develop new businesses, such as providing additional investment banking, advisory and other services to corporations, financial sponsors, management or other persons. Such services could relate to transactions that could give rise to investment opportunities that are suitable for one or more Advisory Clients. Partnership expenses of certain Advisory Clients will include the fees, costs and expenses of a GCM Provider in connection with the provision of GCM Services to such Advisory Client or any of its portfolio companies. There is no limitation on the amount of such fees, costs and expenses that may be borne by an Advisory Client. With respect to any service provided by a GCM Provider to an Advisory Client or any of its portfolio companies, there can be no assurances that a third party would not have provided better or more cost effective services. In addition, any such fees and payments will be retained by such GCM Provider. The fee potential inherent in a particular investment or transaction could be viewed as an incentive for the general partner of an Advisory Client to seek to refer, allocate or recommend an investment or transaction to such Advisory Client. In addition, the general partner of an Advisory Client may be incentivized to structure an investment in a manner that could create an opportunity for a fee to be received by a GCM Provider when an alternative structure would have given rise to a more favorable transaction for such Advisory Client.

Carlyle may, as an inducement to third parties investing in an Advisory Client and/or other Carlyle-sponsored investment vehicles, enter into agreements that provide exclusivity over opportunities to provide portfolio company acquisition financing. These exclusivity arrangements may cause an Advisory Client and/or other Carlyle-sponsored investment vehicles to utilize acquisition financing on terms less favorable than would be available from other sources. In addition, any agreed-upon exclusivity period may hinder the ability of an Advisory Client and/or other Carlyle-sponsored investment vehicles from consummating certain investment opportunities.

It is possible that a GCM Provider or one or more vehicles managed or controlled by Carlyle provide financing as part of a third-party purchaser's bid for or acquisition of an investment of an Advisory Client. This generally would include circumstances where a GCM Provider or one or more vehicles managed or controlled by Carlyle makes commitments to provide financing at, prior to or around the

time such third-party purchaser commits to purchase or purchases such investment from such Advisory Client. The involvement of a GCM Provider or one or more vehicles managed or controlled by Carlyle as a provider of debt financing in connection with the potential acquisition of investments by third parties from an Advisory Client will give rise to potential or actual conflicts of interest, including the possibility of the general partner of such Advisory Client being motivated to cause such Advisory Client to agree to terms with a third party with respect to which a GCM Provider or one or more vehicles managed or controlled by Carlyle is providing such debt financing that are less favorable to the applicable portfolio company and/or such Advisory Client than might have been obtained from another third party that did not have access to such financing, which may adversely impact such Advisory Client.

Carlyle professionals involved in the provision of GCM Services by a GCM Provider may also spend a portion of their time providing advisory services to vehicles managed or controlled by Carlyle. Similarly, the members of the investment advisory team and/or the investment committee of the general partner of an Advisory Client are expected to spend a portion of their time participating in the provision of services that result in fees payable to a GCM Provider, in particular where the investment advisory team is able to assist in light of time zone, language, relevant experience, geographic location or other similar considerations, and, for the avoidance of doubt, the participation of such investment advisory personnel will not give rise to any entitlement to an Advisory Client to share in the benefit of any such fees. See “Other Activities of Management” below. GCM Services may also include the provision of certain capital markets advisory services that a GCM Provider may provide to one or more of an Advisory Client’s portfolio companies; for example, where a third-party investment bank has been engaged to provide underwriting, structuring, placement and/or similar services, a GCM Provider may also be engaged to provide advisory services on selecting the appropriate structure, assessing financing alternatives and assisting with execution. Fees for GCM Services (or other benefits) may also be received by a GCM Provider in respect of a Carlyle Debt Fund’s (as defined below) acquisition of indebtedness of an Advisory Client portfolio company, and any such fees will be retained by the GCM Provider and will not benefit an Advisory Client or its investors. In addition to the fee potential inherent in services provided by a GCM Provider to a portfolio company, the participation of a Carlyle fund or managed account whose investment objectives include the acquisition or issuance of debt, regardless of the geographic focus of such fund or managed account (a “Carlyle Debt Fund”) may incentivize the GCM Provider to provide more favorable terms to acquirers of the debt to the disadvantage of any Advisory Client. A Carlyle Debt Fund may also be entitled to participate in the indebtedness of another Advisory Client’s portfolio company, including at a discount, and a GCM Provider may be entitled to fees, in each case solely as a result of such Advisory Client’s investment in such portfolio company. In such a case, such Advisory Client will not be entitled to participate in the benefit of such fees or discounted purchase price notwithstanding that no further services may be performed by a GCM Provider in respect thereof.

A GCM Provider may also provide financing and GCM Services to third parties that are not portfolio companies of an Advisory Client, including third parties that are competitors of portfolio companies of any Advisory Client, or that are service providers, suppliers, customers, or other counterparties with respect to such companies (“Competitor Companies”) and may act as placement agent in respect of investment funds that are sponsored and managed by other third-party investment managers, including funds that may compete with an Advisory Client. In addition, a GCM Provider may also be engaged to provide financing or other GCM Services to third parties in connection with transactions that may also be appropriate for an Advisory Client. In some cases, these services offered to third parties in connection with a transaction may be provided concurrently with services being provided in a similar manner to an

Advisory Client even if such Advisory Client has a competing interest with the third party. In providing such services to third parties, including to Competitor Companies, such GCM Provider may come into possession of information that it is prohibited from acting on (including on behalf of an Advisory Client) or disclosing to other Carlyle affiliates as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interests of such Advisory Client.

In connection with selling investments by way of a public offering, a GCM Provider could act as the managing underwriter or a member of the underwriting syndicate. So long as any such transaction is structured in a manner such that the GCM Provider does not purchase investments from an Advisory Client, no consent of its investors or its Investor Advisory Committee will be required for purposes of such Advisory Client's governing agreement and the Advisers Act.

A GCM Provider may, from time to time hold positions in instruments or securities and/or loans issued by portfolio companies of an Advisory Client, including, for example, where a GCM Provider commits to fund the shortfall amount, if any, resulting from the incomplete syndication of debt, including loans, or equity. Under such circumstances, a GCM Provider may commit to provide capital support for the syndication on a short-term basis (*i.e.*, to provide certainty there will be sufficient capital to complete the proposed transaction) or fund a different instrument or security in the portfolio company of an Advisory Client than that held by such Advisory Client to facilitate the syndication. In either scenario, a GCM Provider typically will sell its holdings prior to an Advisory Client disposing of its respective investments in its portfolio company.

Where a GCM Provider serves as underwriter with respect to securities of an Advisory Client's portfolio company, such Advisory Client will generally be subject to a "lock-up" period following the offering under applicable regulations or agreements during which time its ability to sell any securities that it continues to hold is restricted. This could prejudice such Advisory Client's ability to dispose of such securities at an opportune time. In addition, in circumstances where a portfolio company of an Advisory Client becomes distressed and the participants in an offering undertaken by such portfolio company may have a valid claim against the underwriter, such Advisory Client would have a conflict in determining whether to sue a GCM Provider. In circumstances where a non-affiliate broker-dealer has underwritten an offering, the issuer of which becomes distressed, an Advisory Client will also have a conflict in determining whether to bring a claim on the basis of concerns regarding the GCM Provider's relationship with the broker-dealer. On the other hand, a conflict of interest also exists to the extent the GCM Provider may have a valid claim against an Advisory Client's portfolio company for indemnification relating to the GCM Provider's services.

A GCM Provider may in the future develop new businesses such as providing investment banking, advisory and other services to corporations, financial sponsors, management or other third parties. Such services may relate to transactions that could give rise to investment opportunities that are suitable for an Advisory Client. In such case, a GCM Provider's client would typically require such GCM Provider to act exclusively on its behalf, thereby precluding such Advisory Client from participating in such investment opportunities. A GCM Provider would not be obligated to decline any such engagements in order to make an investment opportunity available to such Advisory Client.

While fees, commissions, upfront placement fees, interest payments and other compensation paid to a GCM Provider are generally believed to be reasonable and charged at rates that are market rates for the relevant activities, there may be substantial limitations in obtaining market rates as described more fully

herein. In connection with the foregoing, it should be noted that it may not be possible to benchmark placement and arranging services provided by a GCM Provider against similar services provided by other investment banks, independent placement agents or other service providers, because the services provided by such third parties are often bundled with other services which are not priced separately from one another. As a matter of commercial practice, these services are often intrinsically linked such that it is challenging to precisely allocate the pricing between these services. For example, such similar services provided by investment banks and independent placement agents often also include the provision of debt financing or underwriting of securities or debt issuances. In many cases, the GCM Provider will not provide debt financing or underwriting of securities or issue debt in connection with the provision of placement or arranging services to an Advisory Client or its portfolio companies bundled or otherwise provided in the same way as a third-party investment bank or independent placement agent would do so. Accordingly, such services provided by a GCM Provider would be different than services commonly performed by persons unaffiliated with Carlyle. As a result, pricing information for the specific services provided by the GCM Provider may not be practicable to obtain, and accordingly the pricing of the services provided by a GCM Provider may not accurately reflect market rates. In connection with the involvement of a GCM Provider with an Advisory Client or its portfolio company, it may be required to engage multiple parties alongside a GCM Provider to provide the same bundle or level of services that a single third party would be able to provide, leading to less efficient or less effective services being provided by a GCM Provider to such Advisory Client or its portfolio company. In this case, the services provided by a third party on a standalone basis may be more expensive given they would be provided as part of a package of other services. In certain cases, an Advisory Client or the applicable portfolio company may pay aggregate fees to the GCM Provider and any investment bank or similar provider of capital or underwriting, collectively, that are greater than the fees that potentially would have been paid in the absence of the participation by the GCM Provider.

From time to time, a GCM Provider may be engaged on a transaction during the course of execution to the extent such GCM Provider or the investment team determines that the transaction execution is not proceeding as planned or where market risk to the issuer is higher than initially expected. In such cases, the compensation payable to such GCM Provider would be incremental to the fees previously agreed to by the applicable issuer. While the involvement by such GCM Provider in such a case may curtail the potential increase of pricing payable by the issuer or other deterioration of terms affecting the transaction documentation, for example by avoiding the exercise by such underwriters of “market flex” rights, there can be no assurances that Carlyle’s involvement will have such an effect.

For purposes of benchmarking fees payable to a GCM Provider, depending on the circumstances, OID (original issue discount) provided to initial purchasers may or may not be taken into account, even if such OID is not available to all purchasers. There are significant challenges in establishing the arm’s-length nature of fees payable in respect of certain broker dealer services. Any fees approved by Carlyle’s Capital Markets Oversight Committee, which is currently comprised of senior Carlyle executives familiar with the GCM Services, will be deemed to be on an arm’s-length basis. The general partner will not be required to request or obtain third-party estimates or quotations prior to a GCM Provider agreeing on terms with a portfolio company with respect to GCM services.

Other Fees

As described in Items 5 and 6, CGCIM and its affiliates are entitled to receive cash and non-cash fees in connection with the purchase, monitoring or disposition of investments or from unconsummated

transactions. Investors will receive the benefit of certain such fees only as set forth in the governing documents of the relevant Advisory Client or as required by applicable law.

Other Activities of Management

CGCIM personnel will devote such time as shall be reasonably necessary to conduct the business affairs of each Advisory Client in an appropriate manner. CGCIM personnel will work on the business and operations of Carlyle and on other projects, including Carlyle's existing corporate investments and other Advisory Clients on behalf of affiliated advisers, such as CIM, Carlyle CLO and CBAM CLO. Therefore, conflicts may arise in the allocation of resources, including due to CGCIM's internal policies and compliance with applicable law and regulation. Such other projects may include serving on the board of directors of companies (including those that were formerly portfolio companies and of companies unrelated to Carlyle), and such CGCIM personnel may receive and retain compensation for these activities, with no offset against management fees. Carlyle's founders engage in personal investment or other activities as permitted under current policies, applicable offering documents and other governing documents; and to the extent such activities present conflicts of interest, CGCIM employs appropriate mitigation procedures. Other of Carlyle's key personnel may, to the extent permitted by the governing documents of the relevant Advisory Clients and Carlyle's internal policies, make personal investments outside of Carlyle and its Advisory Clients. For example, one of our founders has created a family office and has engaged an investment adviser to manage certain of his non-Carlyle personal investments. Such personal investments may be substantial and divert attention from CGCIM and the Advisory Clients. In addition, one of the co-founders is a significant limited partner in a third-party investment fund with no decision-making authority or control over such fund's investments. Given that such fund is not an affiliate of Carlyle, such third-party investment fund may compete with Advisory Clients for investment opportunities.

Outside Activities of Carlyle Personnel

Carlyle personnel (including its co-founders) are generally permitted to invest in alternative investment funds, private equity funds, real estate funds, infrastructure and energy funds, hedge funds and other investment vehicles outside of Carlyle, as well as engage in other personal trading activities relating to companies, assets, securities or instruments outside of Carlyle (subject to Carlyle's policies and procedures (including its Code of Conduct and Insider Trading Policy) and the terms of the governing agreements of applicable Advisory Clients), some of which will involve conflicts of interest. Such investments may divert such personnel's time and attention away from the affairs of certain Advisory Clients. In addition, the investment vehicles in which such personnel may invest may compete with certain Advisory Clients for investment opportunities. In some cases, certain Advisory Clients or their portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with, such other investment vehicles. Although conflict mitigation strategies will be put into place with respect to a particular circumstance as determined by Carlyle, there can be no assurance that conflicts of interest arising out of such activities will be resolved in favor of Carlyle or any Advisory Client.

Investments in Which Another Advisory Client (or in Which a Vehicle or Account Managed by a Carlyle-Affiliated Investment Adviser) Has a Different Principal Investment

Certain Advisory Clients make investments in portfolio companies in which other Advisory Clients (and/or other vehicles or accounts managed by an investment adviser affiliated with CGCIM) have made

or are concurrently making a different principal investment at the time of such Advisory Client's investment (e.g., in different parts of the capital structure). In such situations, the Advisory Clients (and/or other vehicles or accounts managed by an investment adviser affiliated with CGCIM) could have conflicting interests (e.g., over the terms of, or actions taken with respect to, their respective investments, including equity versus debt investments or junior versus senior debt investments). In that regard, actions may be taken for one Advisory Client (or affiliated advisory client) that are adverse to another Advisory Client (or affiliated advisory client).

Investments in Which Another Advisory Client (or in Which a Vehicle or Account Managed by a Carlyle-Affiliated Investment Adviser) May be Deemed an Affiliate

With respect to the BDCs, CCIF, CAPM and CTAC and any other vehicle managed by a CGCIM or another Carlyle-affiliated investment adviser that is regulated as a business development company or registered as an investment company ("1940 Act Funds"), Sections 17 (with respect to CCIF, CAPM, CTAC and any other registered investment companies) and 57(a) (with respect to BDCs) of the 1940 Act may be implicated in the context of investment transactions involving (i) a BDC, CCIF, CAPM, CTAC or 1940 Act Fund and other Advisory Clients managed by CGCIM or other Carlyle-affiliated investment advisers, or (ii) a BDC, CCIF, CAPM or CTAC and other advisory clients managed by an affiliate of CGCIM or other Carlyle-affiliated investment advisers. Under these circumstances, the relevant 1940 Act Fund, BDC, CCIF, CAPM or CTAC and such other investment vehicle would be deemed to be an affiliate of CCIF, CAPM or CTAC for purposes of Section 17 (as "Section 17 Affiliate") or an affiliate of the BDCs for purposes of Section 57(b) (a "Section 57(b) Affiliate"), as applicable. Thus, absent an exemption, a BDC, CCIF, CAPM or CTAC (or a person controlled by a BDC, CCIF, CAPM or CTAC, such as CDL CLO, MMCF or MMCF II with respect to CSL) and a Section 17 Affiliate or Section 57(b) Affiliate would be limited in their ability to effect transactions involving simultaneous or related investments in the same portfolio company. In this regard, a BDC generally cannot co-invest with a Section 57(b) Affiliate, and CCIF, CAPM and CTAC generally cannot co-invest with a Section 17 Affiliate, absent an SEC exemptive order unless the transaction involves no terms other than price being negotiated and certain other conditions are met. Where publicly traded securities are involved, ordinarily, orders for a BDC and a Section 57(b) Affiliate or CCIF, CAPM or CTAC and a Section 17 Affiliate may be aggregated without seeking SEC relief, subject to certain conditions.

Where a BDC, CCIF, CAPM or CTAC, or a 1940 Act Fund, does not have exemptive or no-action relief from the SEC and investment opportunities are applicable to such BDC, CCIF, CAPM or CTAC (or a person controlled by such BDC, CCIF, CAPM or CTAC, such as CDL CLO, MMCF or MMCF II with respect to CSL) on the one hand, and a Section 17 Affiliate or Section 57(b) Affiliate on the other hand, a co-investment transaction cannot be effected, and those opportunities must be allocated between such BDC and such Section 57(b) Affiliate, or CCIF, CAPM, or CTAC and such Section 17 Affiliate, pursuant to a policy designed to equitably allocate opportunities.

Allocation of Investment Opportunities to Carlyle

Carlyle is, from time to time, presented with opportunities to acquire an investment advisory business or other financial services business that are attractive to Carlyle as a direct corporate investment and which would be incorporated as part of the Carlyle global investment advisory business. To the extent such opportunities are acquired by Carlyle on its own balance sheet, they are not viewed as portfolio investments, but instead as an addition to Carlyle's operating business. Some of these acquisition

opportunities may also appear to be suitable as potential investment opportunities for certain Advisory Clients. However, these potential direct corporate investments generally are excluded by contract from the investment mandate of potentially relevant Advisory Clients.

Allocation of Investment Opportunities with Other Advisory Clients and Conflicting Fiduciary Duties

CGCIM is, from time to time, presented with investment opportunities that fall within the investment objectives of multiple Advisory Clients, and in such circumstances, except as otherwise provided in the governing documents of the applicable Advisory Client (or investment management agreement in the case of a separately managed account), CGCIM will allocate such opportunities (including any related co-investment opportunities) among the Advisory Clients (including, without limitation, an allocation of 100% of such an opportunity to a single Advisory Client) (the “Inter Vehicle Allocation”) on a basis that CGCIM reasonably determines in good faith to be fair and reasonable taking into account all factors CGCIM deems relevant, including the requirements of the governing documents of the applicable Advisory Clients (or investment management agreement in the case of a separately managed account), the sourcing of the transaction, the nature of the investment objective, investment focus, mandate or policies (including any related contractual restrictions), target return profile or projected hold period of each Advisory Client, results of underwriting analyses, including projected returns and target hold period for the investment, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for each such Advisory Client, applicable law and other regulatory guidance and other considerations deemed relevant by CGCIM in good faith.

As a result of the Inter Vehicle Allocation, the participation by an Advisory Client in investments with other vehicles managed or controlled by Carlyle is expected to vary on an investment-by-investment basis and there may be investments within such Advisory Client’s investment objective made by Carlyle, on behalf of such other vehicles, in which such Advisory Client does not participate or does not participate to the same extent as other investments. Moreover, consistent with the foregoing, Carlyle expects that an Advisory Client may make investments in industries and/or geographic regions in which other vehicles managed or controlled by Carlyle have been specifically organized to invest.

Carlyle may pursue strategic investments (whether made directly or through a vehicle funded by one or more third parties (such as a special purpose acquisition company)) in businesses that Carlyle intends to operate as part of its overall business. Such investments may be suitable for, or alternatively competitive with, an Advisory Client. In either case, Carlyle is permitted to allocate such investments away from an Advisory Client to Carlyle or such other Advisory Clients.

CGCIM will also consider the requirements of the exemptive relief that CGCIM and certain of its affiliates received from the SEC (the “Exemptive Relief”) authorizing specified joint transactions under the 1940 Act in allocations that involve the BDCs, CCIF, CAPM, CTAC or other 1940 Act Funds. The Exemptive Relief allows, under specified conditions, Carlyle’s advisory clients that have elected to be regulated as “business development companies” under the 1940 Act and certain 1940 Act Funds to invest alongside Carlyle and certain of Carlyle’s private funds and accounts (including certain Global Credit investment vehicles and entities within GCM) in the same investment opportunities, where such participation would otherwise be prohibited under the 1940 Act. As a result, Carlyle and certain Global Credit private funds and accounts may co-invest in transactions alongside the BDCs, CCIF, CAPM,

CTAC, or other 1940 Act Funds, to the extent permitted under the governing documents of those Global Credit investment vehicles and the terms and conditions of the Exemptive Relief. In addition, every investment opportunity that falls within the investment objective/strategies (and board-established criteria, where applicable) for the BDCs, CCIF, CAPM, CTAC or other 1940 Act Funds must be shown to such Advisory Clients and/or other 1940 Act Funds, which may include funds managed by other Carlyle-affiliated investment advisers. Although such Advisory Clients and other 1940 Act Funds are not required to participate, fulfilling these requirements could introduce a potential conflict of interest between the BDCs, CCIF, CAPM, CTAC, or other 1940 Act Funds, and other Advisory Clients.

Relevant 1940 Act restrictions and related guidance from the SEC and/or the Exemptive Relief, or other similar or related considerations, also may restrict the ability of an Advisory Client or a 1940 Act Fund, including a 1940 Act Fund advised by a Carlyle-affiliated investment advisor (e.g., AlpInvest), to participate in certain transactions or to take certain actions relating to investments in portfolio companies or issuers in which a BDC, CCIF, CAPM, CTAC or 1940 Act Fund has also invested (whether before or after the Advisory Client's investment therein), including but not limited to declining to vote or exercise its rights with respect to any such investment (which may result in the Advisory Client foregoing a consent fee or similar compensation), declining to participate in a follow-on investment or selling an investment to avoid potential violations of the 1940 Act and/or related rules thereunder. Any such determination will be made by CGCIM in its discretion and there can be no assurance that any such determination will be resolved in favor of the Advisory Client's interests.

Carlyle has established and may establish in the future, in its sole discretion, CGCIM Advisory Clients with investment objectives, mandates and policies that are the same or substantially similar to and/or overlap with those of another Advisory Client (including, without limitation co-investment funds or any successor fund to an Advisory Client), in each case, without the consent of, or notice to, any investor of an Advisory Client. In addition, Carlyle has established and may establish in the future Advisory Clients with investment objectives, mandates and policies that are substantially similar to those of another Advisory Client, but with a focus on investments with a different target return profile, different projected hold period or other characteristics that make them inconsistent with an Advisory Client's objectives, mandates or policies (thereby making them inappropriate for the other Advisory Client). Carlyle may allocate investment opportunities to such Advisory Clients based on the anticipated targeted returns or projected hold periods based solely on Carlyle's expectations at the time such investments are made and certain investments may be allocated between Advisory Clients. However, there can be no assurances that the actual returns from such investments will be in line with such targets, that such investments will be held for the projected hold period or that such characteristics will ultimately match Carlyle's expectations at the time such investments are made, and such investments may as a result prove to have been suitable for the other Advisory Client.

Further, related to Carlyle's Global Credit business, certain Advisory Clients (or advisory clients) may invest primarily in loans, which are generally made to private companies that are, in many cases, controlled by private equity firms or in which private equity firms otherwise hold, directly or indirectly, a financial interest in the form of debt and/or equity. Such other private equity firms likely will be competitors of Carlyle, Advisory Clients or Carlyle advisory clients. Accordingly, Carlyle's interests in respect of the Advisory Clients making direct loans may be in conflict with those of other Advisory Clients or Carlyle advisory clients (e.g., those advisory clients seeking to make equity investments in such companies).

The governing documents of certain Advisory Clients provide that Carlyle will not be required to allocate investment opportunities to them after they reach “Full Investment” (generally, when unpaid capital commitments of the non-defaulting investors of an Advisory Client are equal to or less than 10% of aggregate capital commitments of the non-defaulting investors of such Advisory Client). Allocations are further discussed below in Item 11.

There may be circumstances, including in the case where there is a seller who is seeking to dispose a pool or combination of assets, securities or instruments, where two or more Advisory Clients participate in a single or related series of transactions with a particular seller where certain of such assets, securities or instruments are specifically allocated (in whole or in part) among such Advisory Clients. Similarly, there may be circumstances where two or more Advisory Clients are seeking to dispose of a pool or combination of assets, securities or instruments and participate in a single or related transactions with a particular buyer. The allocation of such specific items generally would be based on fair and reasonable allocation considerations described above in respect of Inter Vehicle Allocations. Also, a pool may contain both debt and equity instruments that Carlyle determines should be allocated to different funds. In such situations Carlyle would typically acquire (or sell) such pool or combination of assets for a single combined purchase price with no prices specified for individual assets, securities or instruments. Accordingly, Carlyle will have a conflict in establishing the specific prices to be paid for each asset, security or instrument by the Advisory Clients. In some cases a counterparty will require an allocation of value in the purchase or sale contract, though Carlyle could determine such allocation of value is not accurate and should not be relied upon. Carlyle will generally rely upon internal analysis to determine the ultimate allocation of value, though it could also obtain third-party valuation reports. Carlyle will generally have no obligation to present such conflicts of interests to the Investor Advisory Committee of the applicable Advisory Client when they arise, and Carlyle’s determination regarding such allocation of value may be binding on the Advisory Clients. There can be no assurance that an investment of an Advisory Client will not be valued or allocated a purchase price that is higher or lower than it might otherwise have been allocated if such investment were acquired or sold independently rather than as a component of a portfolio shared with other Advisory Clients. These conflicts related to allocation of portfolios will not necessarily be resolved in favor of a particular Advisory Client.

Capital Calls and Use of Subscription Lines and Asset-Backed Facilities

The general partner of an Advisory Client may fund the making of investments and other permissible items under its governing documents with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, one or all assets of the Advisory Client, *i.e.*, asset-backed facilities, or the undrawn capital commitments of investors, *i.e.*, subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings will be borne by the relevant Advisory Client and, accordingly, decrease net returns of such Advisory Client. It is expected (though not guaranteed) that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which does not accrue on such borrowings and will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Advisory Client. As a result, the use of a subscription facility with respect to the relevant Advisory Client’s investments and ongoing capital needs may reduce or eliminate the preferred return received by such Advisory Client’s investors and accelerate or increase distributions of carried interest to the general partner of such Advisory Client. Because the preferred return does not accrue on such outstanding borrowing, the general partner of an Advisory Client has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments and, in view

of the fact that the management fee payable by an Advisory Client is the same whether investments are funded with capital contributions or Advisory Client borrowings, such general partner may benefit from operating its Advisory Client in this matter. As a general matter, use of leverage in lieu of drawing down capital commitments amplifies returns (either negative or positive) to investors.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on investors and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in an Advisory Client as a result of restrictions imposed on such transfers by the lender. Moreover, tax-exempt investors should note that the use of borrowings by an Advisory Client may cause the realization of unrelated business taxable income.

While an Advisory Client is subject to certain limits on borrowings as set forth in its governing agreement, portfolio companies, holding companies and/or special purpose entities formed by such Advisory Client to hold investments (*i.e.*, asset level vehicles) may engage in borrowings and incur leverage, which may not count towards any caps on borrowings and guarantees on such Advisory Client, as contained in such Advisory Client's governing agreement, as such borrowings are not recourse to such Advisory Client and do not reduce unpaid capital commitments of its investors. This may be the case even if such borrowings or leverage by entities owned by such Advisory Client engage in joint borrowings and/or are cross-collateralized with or among other such entities, such that multiple Investments are pledged to and at risk with respect to a borrowing in connection with a single investment (even if the amounts involved are greater than the single investment diversification limit set forth in such Advisory Client's governing agreement).

Investors should note that an Advisory Client's general partner (or other similar managing fiduciary) may have the right to borrow for the purpose of funding distributions to limited partners. To the extent a general partner elects to do so in order to accelerate a distribution that is expected to be made to the limited partners in connection with a legally binding agreement or the declaration of a dividend or similar distribution by a portfolio company (directly or indirectly), the proceeds from such borrowing will be split between the limited partners and such general partner on the same basis as the proceeds would be distributed upon consummation of the transaction contemplated by the applicable binding agreement (or dividend announcement). Accordingly, the general partner has an incentive to cause the Advisory Client to borrow for this purpose in order to accelerate its receipt of carried interest. To the extent an applicable transaction is not consummated or dividend not made (or, in either case, materially delayed) the Advisory Client may be required to call capital or dispose of other assets to repay the applicable borrowing and the general partner may be required to make a clawback payment to applicable limited partners. The general partner of an Advisory Client may also enter into one or more margin loans, including to effect a distribution to such Advisory Client's partners, which are not subject to the restrictions on borrowings for distributions, or borrowings generally, in the governing agreement of such Advisory Client.

Co-Investments

Carlyle is permitted to offer co-investment opportunities in its sole discretion, is not expected to offer

co-investment with respect to all Advisory Client investments and may allocate any such opportunities in its sole discretion, including for example, on the basis of the size of investor commitments to Carlyle funds, vehicles and accounts. In making such allocation decisions, the general partner will be entitled to consider any interests and factors as it desires, including placing its own interests ahead of the interests of any other person. The allocation of co-investment opportunities will in many or all cases involve a benefit to Carlyle including, without limitation, the receipt of fees or allocation of carried interest from the co-investment opportunity, and capital commitments to Advisory Clients. Co-investment opportunities may also be offered to third parties to the exclusion of some or all of the investors in an Advisory Client in its general partner's sole discretion. Carlyle may or may not charge management fees, one-time funding/upfront fees and/or carried interest in respect of co-investments, as it determines in its sole discretion. While Carlyle's internal co-investment vehicles that invest alongside its Advisory Client funds are allocated a portion of expenses, including, but not limited to, broken deal expenses, all other co-investment vehicles (particularly those expected to be formed to invest alongside an Advisory Client fund in a single investment that will generally not close in the event of any unconsummated deal) generally will not share in broken deal expenses. In addition, an Advisory Client may make and pursue investments and bear costs as fund expenses in connection therewith with the expectation of offering a portion of its interests therein as a co-investment opportunity to limited partners and/or other third parties, and, the event that the Advisory Client is not successful in transferring such co-investment, in whole or in part, the Advisory Client may consequently hold a greater concentration and have more exposure in the related investment than initially was intended. Investing in an Advisory Client does not give investors any rights, entitlements or priority to co-investment opportunities.

The criteria that CGCIM considers in assessing potential co-investment opportunities includes but is not limited to: (i) whether a potential co-investor expressed an interest in evaluating co-investment opportunities; (ii) the potential co-investor's current relationship with CGCIM, including historical investment activity in Advisory Clients, the existence of accounts or vehicles formed to co-invest in investments across all or a portion of the Carlyle platform (whether or not formed in connection with the admission of an investor to an Advisory Client) and the overall size of a potential co-investor's potential commitments to Advisory Clients; (iii) the timing of the potential co-investor's commitment to the Advisory Client, (iv) the size of the potential co-investor's interest to be held in the underlying portfolio company/issuer as a result of the Advisory Client's investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the Advisory Client), (v) whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Carlyle, the Advisory Client, or other funds or co-investments, (vi) the potential co-investor's ability to meet investment funding deadlines; (vii) the potential co-investment amount; (viii) the potential co-investor's ability to keep target investment information confidential; (ix) past positive or negative experiences with the potential co-investor; (x) the expected amount of negotiations required in connection with a potential co-investor's commitment; (xi) the potential for competition or other conflicts of interest with the target investment; (xii) the potential co-investor's ability to offer skillsets or relationships that are helpful to the target investment; and (xiii) a belief that co-investment opportunity may cultivate a long-term relationship with the co-investor that may be indirectly beneficial to other or future Advisory Clients. Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Carlyle in consultation with other participants in the relevant transactions, such as a co-sponsor. Carlyle may also give priority co-investment allocations to committed co-investment vehicles or accounts. An Advisory Client may co-invest with third parties through partnerships, joint ventures or other similar arrangements, thereby acquiring non-controlling interests in

certain investments or not otherwise retaining all decision-making authority, including the timing and nature of any exit.

In addition to mandatory investments pursuant to Carlyle's commitment to an Advisory Client, the general partner of an Advisory Client typically has the right to allocate, in its sole discretion, between 5-10% of each investment opportunity available to Carlyle-related funds, accounts or vehicles, and Carlyle directors, officers, employees, Operating Professionals, partners, members, consultants, advisors, senior advisors and affiliates ("Carlyle Co-Investors"). Furthermore, Carlyle has formed (and may in the future form additional) funds, accounts or vehicles for the benefit of third-party investors that will be entitled to all or a portion of such allocation with respect to some or all of the investment made by Advisory Client(s), alongside one or more Carlyle funds as a Carlyle Co-Investor. Carlyle's management fee and carried interest (or incentive allocation) from such funds, accounts or vehicles is expected to generally be determined by reference to the terms of the applicable Advisory Client and calculated solely with respect to such investments. Such accounts and vehicles, including, for the avoidance of doubt, any other vehicles managed or controlled by Carlyle formed solely to participate as a Carlyle Co-Investor alongside one or more Advisory Clients, are generally not considered a parallel vehicle or successor fund of an Advisory Client. No rights or benefits granted to an investor or other vehicles managed or controlled by Carlyle (or any investor in any such vehicles) that participates as Carlyle Co-Investor will be subject to any most-favored-nations provisions, including in cases where such investor or such other vehicles managed or controlled by Carlyle participates in all of the investments made by an Advisory Client or such investor or such other vehicle (or any investor in any such other vehicle) also invests in such Advisory Client. The participation of any such vehicle managed or controlled by Carlyle as a Carlyle Co-Investor alongside an Advisory Client will have the practical effect of enlarging the capital available to Carlyle for deployment in such Advisory Client's investment program and will not be counted toward any limitation on aggregate commitments to such Advisory Client and its parallel vehicles.

Carlyle may be permitted, without the consent of investors or of an Investor Advisory Committee of an Advisory Client, to sell investments from an Advisory Client to an entity formed to hold co-investment, on the terms and conditions stated under the governing documents of the Advisory Client. Carlyle Co-Investors may not participate in any such transaction, and accordingly would retain the entirety of its investment in the underlying portfolio investment. Such Advisory Client will generally remain liable for all of the obligations and/or liabilities (including, but not limited to, customary indemnity obligations and undertakings pursuant to purchase and sale agreements or similar agreements) incurred in connection with the acquisition of an investment, notwithstanding the fact that a portion of such investment has been syndicated to co-investors.

The foregoing co-investment rights generally result in an Advisory Client being allocated a smaller share of an investment than would otherwise be the case in the absence of such co-investment rights. In making co-investment allocation decisions, the general partner will be entitled to consider any interests and factors as it desires, including placing its own interests ahead of the interests of any other person. For example, the general partner may take into account the potential fees and carried interest that may be earned as a result of the participation of such other Carlyle-related funds, accounts or vehicles. Such fees or carried interest payable by investors in such other Carlyle-related funds, accounts or vehicles may be higher than the fees or carried interest payable by investors in the Advisory Client. Such other Carlyle-related funds, accounts or vehicles may also provide for management fees to be payable solely based on invested capital, which would create an incentive for Carlyle to allocate greater amounts of

investment opportunities to such other Carlyle-related funds, accounts or vehicles. As a general matter, the remaining portion of any such opportunity would then be subject to Carlyle's overall allocation policies, including the policy described under "Allocation of Investment Opportunities with Other Advisory Clients and Conflicting Fiduciary Duties."

Carlyle Policies and Procedures

Policies and procedures implemented by Carlyle or its affiliates from time to time (including as may be implemented in the future) to mitigate actual or potential conflicts of interest and address certain regulatory requirements and contractual restrictions could at times reduce the synergies across CGCIM's areas of operation or experience that an Advisory Client expects to draw on for purposes of pursuing attractive investment opportunities.

Data

Carlyle receives or obtains various kinds of data and information from Advisory Clients and their portfolio companies, including data and information relating to business operations, trends, budgets, customers and other metrics, some of which is sometimes referred to as "big data." Carlyle may be better able to identify commercial trends or financial opportunities, and otherwise enhance and improve operations of portfolio companies of an Advisory Client, as a result of its access to (and rights regarding) this data and information from Advisory Clients and their portfolio companies. Carlyle also intends to utilize such data for the purposes of identifying new investment opportunities or analyzing existing investments for Advisory Clients. Although Carlyle believes that these activities improve Carlyle's investment management activities on behalf of its Advisory Clients, information obtained from Advisory Clients and their portfolio companies also provides material benefits to Carlyle and its Advisory Clients without compensation or other benefit accruing to such Advisory Clients or their respective investors. For example, information from a portfolio company owned by an Advisory Client may enable Carlyle to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for Carlyle and other Advisory Clients that do not own an interest in such portfolio company, without compensation or benefit to such Advisory Client or its portfolio companies. Advisory Client portfolio companies may incur incremental expenses in collecting and organizing information requested or required to be furnished to Carlyle. Any such expenses will be borne indirectly by such Advisory Client.

Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, Carlyle is generally free to use data and information from an Advisory Client's activities in its sole discretion for the benefit of Carlyle and other Advisory Clients, including to trade for the benefit of Carlyle or an Advisory Client. For example, Carlyle's ability to trade in securities of an issuer relating to a specific industry may, subject to applicable law, be enhanced by information of an Advisory Client portfolio company in the same or related industry. Such trading may provide a material benefit to Carlyle or another Advisory Client account without compensation or other benefit to the Advisory Client or its investors.

The sharing and use of "big data" and other information presents potential conflicts of interest and the investors in each Advisory Client acknowledge and agree that any benefits received by Carlyle or its

personnel will not be subject to the management and/or advisory fee offset provisions or otherwise shared with an Advisory Client or its investors. As a result, Carlyle has an incentive to pursue investments that have data and information that can be utilized in a manner that benefits Carlyle and its Advisory Clients, and may include covenants in acquisition agreements that require Advisory Client portfolio companies to periodically provide specified data to Carlyle. See also “Artificial Intelligence Technologies” above.

Operating Professionals

CGCIM engages and retains Operating Professionals who receive payments from, or allocations with respect to, portfolio companies (as well as from Advisory Clients) for their services (including for serving on a portfolio company’s board of directors). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or Advisory Clients will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by CGCIM, be deemed paid to or received by CGCIM (nor will such amounts be deemed paid to or received by affiliates or personnel of CGCIM) and such amounts will not be subject to the management fee offset provisions described in Item 5 (meaning that such compensation received from the portfolio company will be indirectly borne by the Advisory Client without any offset to such Advisory Client’s management fee). Advisory Clients may indemnify these Operating Professionals for actions taken with regards to the Advisory Client or its portfolio companies. To the extent Operating Professionals are engaged through a retainer agreement with CGCIM, Carlyle may elect to bear the expense of base retainer fees. Certain Operating Professionals have the right or are offered the ability to co-invest without fees or carry alongside or in Advisory Clients, including in those investments in which they are involved (and for which they may be entitled to receive performance-related incentive fees, which will reduce an Advisory Client’s returns and will not necessarily be subordinated to the return of the investors’ capital contributions), or otherwise participate in equity plans for management of any such portfolio company, or invest directly in an Advisory Client or vehicle(s) controlled by such Advisory Client subject to reduced or waived advisory fees, and/or carried interest, including after termination of their engagement by or other status with Carlyle (which generally would reduce the amount invested by and returned in respect of an Advisory Client investment). Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors alongside or in other Advisory Clients.

The nature of the relationship with each of the Operating Professionals and the amount of time devoted or required to be devoted by them varies considerably. In some cases, they provide an Advisory Client’s general partner (or other similar managing fiduciary) or CGCIM with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they take on more extensive roles and serve as executives or directors on the boards of portfolio companies, contribute to the origination of new investment opportunities or serve in deal finder roles. The services provided by any one Operating Professional or Operating Professionals generally may expand over time, including during the term of an Advisory Client. In certain instances, Carlyle has formal arrangements with these Operating Professionals, management teams for operating platforms and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships are more informal. They are either compensated (including pursuant to retainers and expense reimbursement, and, in any event, pursuant to negotiated arrangements which will not be confirmed as being comparable to the market rates for such services) by CGCIM, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Operating

Professionals are subject to contractual obligations to exclusively provide certain services to CGCIM. Such Operating Professionals and/or other service providers may share office space with Carlyle employees and may have other indicia of a Carlyle employee (including, in certain cases, use of Carlyle email addresses and business cards, participation in Carlyle health plans and/or other similar benefits typically associated with employment). In addition, such Operating Professionals may share in carried interest otherwise payable to Carlyle.

Over time, certain existing and former employees of Carlyle (including senior Carlyle personnel) may transition to an Operating Professional role. Such a transition would have the effect of shifting the burden of the compensation of such employees from CGCIM to the applicable Advisory Client and/or its portfolio companies. There can be no assurance that any of the Operating Professionals and/or other professionals will continue to serve in such roles and/or continue their arrangements with Carlyle, an Advisory Client and/or any portfolio company throughout the term of an Advisory Client.

Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors in other Carlyle entities. They may be compensated (including pursuant to retainers and expense reimbursement) by CGCIM, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops.

Service Providers and Deal Sourcers

Services required by an Advisory Client (including some services historically provided by Carlyle to its sponsored investment vehicles) may for certain reasons, including efficiency considerations, be outsourced in whole or in part to third parties in the discretion of Carlyle or the general partner of an Advisory Client in connection with the operation of the Advisory Client, and such general partner will have an incentive to outsource such services at the expense of the Advisory Client in order to leverage the use of Carlyle's employees. Such outsourced services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depositary, data processing, trading, settlement, client relations, administration, marketing material reviews, anti-money laundering/know-your customer and similar customer due diligence reviews, custodial, accounting, legal and tax support and other services. Outsourcing may not occur uniformly for all Carlyle-sponsored investment vehicles and, accordingly, certain costs may be incurred by an Advisory Client through the use of third-party service providers that are not incurred for comparable services used by other Carlyle-sponsored investment vehicles. The decision by Carlyle to initially perform particular services in-house for the Advisory Client will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. The costs, fees or expenses of any such third-party service providers as well as the joint venture partners and operating partners engaged by the Advisory Client in respect of its investments will be an expense of the Advisory Client and borne by such Advisory Client and will not be subject to the management fee offset provisions of the governing agreement of such Advisory Client, thereby increasing the expenses borne by the investors of such Advisory Client. Carlyle will determine (in its discretion based on relevant experience, its belief regarding market practice and such other factors as it determines relevant under the circumstances) the fees, carried interest and other consideration payable to deal sourcers (who may be exclusive to Carlyle), asset managers and other service providers.

Certain advisors and other service providers, or their affiliates (including, without limitation, accountants, administrators, lenders, bankers, brokers or other deal "sourcers," attorneys, consultants,

custodians, investment or commercial banking firms, valuation agents and certain other service providers, advisors and agents) provide goods or services to Advisory Clients, Carlyle-sponsored or -affiliated investment vehicles and/or their portfolio companies, or have business, personal, political, financial or other relationships with Carlyle, its affiliates, employees and its portfolio companies. Certain service providers, including lenders, are owned by Carlyle, a Carlyle-sponsored or -affiliated investment vehicle(s), including, for example, SESAMm, Chronograph, iCapital and Canoe Intelligence. Additionally, certain Carlyle employees may have ownership interests in certain service providers to Advisory Clients and/or other Carlyle entities. Such service providers or their affiliates may be (i) investors in an Advisory Client (or an affiliate of an Advisory Client), (ii) affiliates of Carlyle, the general partner of a Carlyle-sponsored investment vehicle, and/or their affiliates, (iii) sources of investment opportunities, (iv) co-investors or counterparties or (v) entities in which Carlyle and/or a Carlyle-sponsored investment vehicle has an investment, and payments by a Carlyle-sponsored investment vehicle and/or such portfolio company may indirectly benefit Carlyle and/or such other Carlyle entity. These relationships and the potential for leveraging the capabilities of its personnel through the use of service providers (as such, for example, deal sourcers and operating or development partners who, in each case may be exclusive to Carlyle) may influence CGCIM in deciding whether to select or recommend such a provider (or affiliate thereof) to perform services for such Advisory Client or a portfolio company (the cost of which will generally be borne directly or indirectly by the Advisory Client or such portfolio company, as applicable).

The existence of these relationships could potentially create conflicts of interest. For instance, due to Carlyle's ownership interest, iCapital may be more willing to establish access funds for Carlyle controlled funds than other fund managers or to vote a feeder funder's interest in an Advisory Client in a way that is favorable to Carlyle. Similarly, both Carlyle and iCapital may be more likely to agree to or approve of such access fund arrangements, and Carlyle may be more likely to engage Chronograph, Canoe Intelligence or SESAMm to provide services in respect of an Advisory Client, in each case given the existing relationship and investment.

An Advisory Client and its portfolio companies may also engage in transactions or enter into service arrangements with one or more businesses in which Carlyle holds an interest directly, not through one of its funds, including transactions with SESAMm, Chronograph or iCapital. Any fees charged or costs incurred in connection with such transactions or service arrangements may be borne by such Advisory Client as an Advisory Client expense, or, to the extent charged to its portfolio company, would be borne indirectly by such Advisory Client. These businesses will, in certain circumstances, also enter into transactions or service arrangements with other counterparties of such Advisory Client and its portfolio companies, as well as service providers, vendors and the limited partners of such Advisory Client. Carlyle would benefit from these transactions and activities through current income and creation of enterprise value in these businesses. No fees charged by these service providers and vendors are expected to offset or reduce management fees of an Advisory Client. Furthermore, Carlyle, other vehicles managed or controlled by Carlyle and their portfolio companies and their affiliates and related parties will use the services of these businesses, including at different rates. Although Carlyle believes the services provided by these businesses are equal or better than those of third parties, Carlyle directly benefits from the engagement of these affiliates, and there is therefore an inherent conflict of interest.

Notwithstanding the foregoing, investment transactions for an Advisory Client that require the use of a service provider will generally be allocated to service providers on the basis of CGCIM's judgment as to best execution, the evaluation of which includes, among other considerations, such service provider's

provision of certain investment-related services and research that CGCIM believes to be of benefit to the Advisory Client. In addition, a general partner will engage one or more fund administrators to perform certain functions in relation to an Advisory Client, including but not limited to, coordination of the Advisory Client's legal entity management function, anti-money laundering or "know your customer" diligence and investor verification services in connection with the onboarding, periodic refresh, and ongoing participation of investors in an Advisory Client, execution and recordkeeping associated with applicable tax elections and filings, support for a general partner's valuation process and support of certain investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting that an Advisory Client is obligated to comply with. Certain employees of such fund administrators dedicate substantially all of their time to Carlyle investment funds and spend all or a significant majority of their business time at the Carlyle offices.

In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Carlyle, the general partner of an Advisory Client, CGCIM or their affiliates as compared to services provided to Advisory Clients and portfolio companies, which may result in more favorable rates or arrangements than those payable by the Advisory Clients or such portfolio companies, which will not offset management fees. Moreover, an Advisory Client or Carlyle may not be in a position to verify the risks or reliability of such third-party service providers. An Advisory Client may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them.

Global Portfolio Solutions (f/k/a Global Investment Resources) and Other In-House Services

Carlyle's Global Portfolio Solutions team will provide certain Advisory Clients and their portfolio companies from time to time with services and support, including, but not limited to, in-house business development services (including services related to strategy and planning, customer acquisition and market expansion), leveraged purchasing, IT system support (including, without limitation, subscription fees for IT systems' experts providing advice for operational improvements at Advisory Clients' portfolio companies/issuers and related research reports, IT and technology diligence advisory services and cybersecurity and risk assessment), consulting services (including services related to digital initiatives, procurement, and organizational and management performance), talent acquisition support, sustainability services and legislative and regulatory support (including research, diligence and advocacy). Both the Global Portfolio Solutions team and other teams within Carlyle, as an administrative service of such other teams, will also provide certain Advisory Clients and their portfolio companies from time to time, and without duplication, IT system support (such as, without limitation, subscription fees for IT systems' experts providing advice for operational improvements at portfolio companies and related research reports, IT and technology diligence advisory services and cybersecurity and risk assessment).

Members of the Global Portfolio Solutions team may be employed in any number of ways within Carlyle, including for example by CGCIM, its affiliates or entities in which the foregoing are joint venture participants. However, expenses and fees charged or specifically attributed or allocated by CGCIM or its affiliates to provide such services, and expenses, charges and/or related costs incurred by an Advisory Client, any parallel vehicle, CGCIM or its affiliates in connection with the provision of such services to an Advisory Client and/or portfolio companies, including, without limitation, compensation and other overhead allocable to such services, will be borne by an Advisory Client to the extent not paid by a portfolio company or Carlyle. Carlyle will not be required to confirm that such costs are borne on an

arm's-length basis. Members of the Global Portfolio Solutions team and other Carlyle personnel providing services for which the expenses, charges and/or related costs (including, without limitation, compensation and other overhead) comprise partnership expenses will utilize a variety of IT systems and IT support services, which systems and/or support may be developed, maintained, operated or provided by Carlyle personnel or by third parties. Accordingly, an Advisory Client may bear as a partnership expense some or all of the expenses, charges and/or related costs incurred in connection with such systems and such support as part of the overhead allocable to applicable services, including compensation and other costs of Carlyle personnel. None of the foregoing amounts will, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Carlyle, be subject to management fee offset provisions of an Advisory Client's governing documents.

It is expected that the services provided by Carlyle's Global Portfolio Solutions team to an Advisory Client, any parallel vehicle and the portfolio companies will expand over time, and accordingly the Global Portfolio Solutions Costs borne by such Advisory Client would increase. It may be difficult to distinguish services provided by the Global Portfolio Solutions team from the investment management services provided to such Advisory Client by CGCIM and/or the general partner of such Advisory Client. In that regard, members of the Global Portfolio Solutions team may report to, or be supervised by, Carlyle's investment advisory professionals and may receive a portion of the carried interest (or similar incentive arrangements in respect of other Carlyle-related funds). Carlyle professionals on the Global Portfolio Solutions team may also spend a portion of their time providing services to an Advisory Client and/or other Carlyle-related funds as well as to Carlyle's business segments in particular geographic regions. Carlyle may also determine to limit access to certain portions of the Global Portfolio Solutions team to one or other Carlyle-related funds. Accordingly, there can be no assurance that an Advisory Client or its portfolio companies will be able to avail itself of all or any of the Global Portfolio Solutions described herein.

Side Letters

The general partner (or similar managing fiduciary) of a Carlyle-sponsored investment vehicle advised by CGCIM may enter into side letters or other similar agreements with investors in connection with their admission to such Carlyle-sponsored investment vehicle without the approval of any other investor. The side letters or other similar agreements have the effect of establishing rights under, altering or supplementing the terms of the governing documents of such applicable Carlyle-sponsored investment vehicle with respect to one or more such investors in a manner more favorable to such investors than those applicable to other investors. Any rights established, or any terms of the governing documents of such applicable Carlyle-sponsored investment vehicle altered or supplemented in a side letter or other similar agreement with an investor will govern solely with respect to such investor (but not any of such investor's assignees or transferees unless so specified in such side letter) notwithstanding any other provision of the governing documents of such applicable Carlyle-sponsored investment vehicle related thereto and matters arising under any side letter may be considered matters contemplated in the governing documents of an Advisory Client and the limitation on liability provisions therein shall apply equally to any side letter; provided that any such rights may cease to apply with respect to any investor that transfers its interest in an Advisory Client or becomes a defaulting investor unless otherwise agreed by the relevant Advisory Client's general partner (or other similar managing fiduciary).

Such rights or terms in any such side letter may include, without limitation, (i) fee and other economic arrangements with respect to such investor (such as alternative fee, aggregate fee or carried interest

discounts or other compensation arrangements), including without limitation, arrangements granted to a such investor based on the size of its capital commitment or in connection with or pursuant to an integrated overall arrangement between Carlyle and such investor or its affiliates (*i.e.*, a “multi-fund investor”), which may only be available on specific funds (and certain commitments to each such fund), funds in a specific Carlyle segment or funds available in a particular time period; (ii) excuse or exclusion rights applicable to particular investments or terms relating to withdrawal from the investment vehicle, including without limitation, as a result of an investor’s specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called “pay-to-play” rules with respect to public pension plan investors, (which may materially increase the percentage interest of other investors in, and their contribution obligations, with respect to future investments and expenses, and reduce the overall size of the Carlyle-sponsored investment vehicle); (iii) additional or modified reporting obligations of the applicable general partner (or similar managing fiduciary), including, without limitation, to accommodate special regulatory or other circumstances of such investor; (iv) waiver of certain confidentiality obligations; (v) prior consent of the general partner (or similar managing fiduciary) to certain transfers by such investor; (vi) special rights with respect to co-investment allocation and participation; (vii) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor; (viii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (ix) additional obligations and restrictions of the applicable general partner (or similar managing fiduciary) with respect to the structuring of any particular investment in light of the legal, tax, accounting, political, national security and regulatory considerations of particular investors; (x) agreements to assist with the taking or defending of tax positions; (xi) the right of the applicable general partner to waive any requirements of investors to execute acknowledgments or other documents in connection with any subscription line or other credit facility, (xii) certain obligations and restrictions on the applicable general partner (or similar managing fiduciary) with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms; (xiii) withdrawal events; (xiv) indemnification agreements (including limitations on an investor’s indemnification obligations or use of an investor’s proportionate share of an Advisory Client’s assets to fulfill indemnification and other obligations of such Advisory Client); (xv) agreement to various sovereign immunity, jurisdiction and venue provisions applicable to certain governmental, sovereign or other types of investors on behalf of the applicable general partner (which could limit the ability to initiate or maintain legal proceedings against certain investors in certain jurisdictions); (xvi) obligations to disclose the names of any defaulting investors and the amount of any default; (xvii) statements of expectation regarding the Advisory Client’s investment activity, including expected limits on exposure to specific types of assets and leverage; (xviii) agreements that modify the voting rights of certain investors, including creating non-voting or proportional voting interests; (xix) membership on any Investor Advisory Committee of an Advisory Client and (xx) any other matters described therein, which may be more favorable to those provisions offered to other investors.

Side letters entered into by Carlyle by one Advisory Client may also have adverse effects on a different Advisory Client, such as placing limitations on Carlyle’s ability to allocate investment opportunities to certain other Advisory Clients. To the extent the general partner (or similar managing fiduciary) of an Advisory Client or the Advisory Client incur third-party expenses in connection with compliance with a side letter provision, such expenses may be, in the sole discretion of the general partner (or similar managing fiduciary) of such Advisory Client, borne either by the investors that have the benefit of such provision or by all investors of such Advisory Client.

Except as otherwise agreed with an investor, as provided in the governing agreement of an Advisory Client or as required by law or regulation, the general partner (or similar managing fiduciary) of an Advisory Client does not generally have an obligation to give investors notice of any side letters entered into, except with respect to most-favored-nations provisions. Further, to the extent other Carlyle-related investment funds investing in an Advisory Client have entered into side letters with third parties, the rights and benefits in such side letter will generally not be offered as part of any most-favored-nation process offered by an Advisory Client.

In light of the ever-changing market and the rapid pace of transactions and the limited time that be available for an Advisory Client to consummate an investment or other transaction, there is a heightened risk that Carlyle and/or an Advisory Client may be unable to meet certain side letter obligations.

CGCIM enters into strategic partnerships directly or indirectly with investors that commit significant capital to a range of products and investment ideas sponsored by CGCIM. Such arrangements may include CGCIM granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to an Advisory Client when applied to the entire strategic partnership. Such preferential terms are generally not subject to the “most favored nation” provisions of the governing documents of a particular Advisory Client. Investors may, depending on the terms of “most-favored-nation” provisions, be able to elect to benefit from such arrangements if they comply with the general parameters of the entire strategic partnership.

Carlyle and its affiliates and employees have made, and may in the future make, oral and written statements or expressions of intent or expectation to investors in the funds or their affiliates or acknowledge statements by such persons (“Outside Statements”) regarding Advisory Clients or Carlyle’s activities pertaining thereto. These may include, for example, the anticipated or expected allocation and terms of co-investment opportunities, the anticipated or expected allocation of investment opportunities to the Advisory Clients generally and other topics often addressed in legally binding side letters. Although such Outside Statements are not legally binding, such Outside Statements may influence allocation and other decisions of Carlyle and its affiliates and employees with respect to the operations and investment activities of the Advisory Clients and may influence a prospective investor’s decision as to whether to invest in the Advisory Clients. By virtue of not being legally binding obligations, such Outside Statements will not be considered side letters for purposes of any most-favored-nation provisions in actual side letters of the Advisory Clients and will not be disclosed to investors in such Advisory Client as described above. There can be no assurance that any such arrangements will not have an adverse effect on the Advisory Clients or any investor.

In addition, certain investors may also be investors in other Advisory Clients. Investors may also include affiliates of Carlyle, Advisory Clients, charities or foundations associated with Carlyle personnel and/or Carlyle employees and any such affiliates, funds or persons may also invest through the vehicles established in connection with Carlyle’s co-investment rights. It is also possible that an Advisory Client or an Advisory Client’s investments may be counterparties or participants in agreements, transactions or other arrangements with an investor or an affiliate of an investor. Such investors may therefore have different information about Carlyle and an Advisory Client than investors not similarly positioned. Similarly, not all investors monitor their investments in vehicles such as the Advisory Clients in the same manner. For example, certain investors may periodically request from the general partner of an Advisory Client information regarding the Advisory Client and investments and/or issuers/portfolio companies that is not otherwise set forth in (or has yet to be set forth in) the reporting and other

information required to be delivered to all investors. In such circumstances, the general partner of such Advisory Client may provide such information to such investor, but the fact that the general partner of the Advisory Client has provided such information upon request by one or more investors does not, subject to applicable law, necessarily obligate the general partner of the Advisory Client to affirmatively provide such information to all investors (although the general partner of the Advisory Client expects to generally provide the same information upon request and treat investors equally in that regard).

As a result, certain investors may have more information about an Advisory Client than other investors, and, unless where required by applicable law, the general partner of such Advisory Client will have no duty to ensure all investors seek, obtain or process the same information regarding the Advisory Client and its investments and/or issuers/portfolio companies.

Furthermore, in response to questions and requests and in connection with due diligence meetings, side letter compliance and other communications, an Advisory Client and the general partner of such Advisory Client may provide additional information to certain investors and prospective investors that is not distributed to other investors and prospective investors. Such information may affect a prospective investor's decision to invest in an Advisory Client or take actions or make decisions as an investor.

Fortitude Re Insurance-Related Strategic Asset Management Relationships

An Advisory Client holds a controlling interest in FGH Parent, L.P., a holding company whose subsidiaries include Fortitude Reinsurance Company Ltd., a Bermuda domiciled reinsurer ("Fortitude Re", and together with FGH Parent, L.P. and its other subsidiaries, as applicable, "Fortitude"), inclusive of an interest previously acquired by Carlyle that was contributed to the Advisory Client. Such interests were initially acquired from an affiliate of American International Group, Inc., which maintains a minority stake in Fortitude Re. The Advisory Client has made, and may in the future make, follow-on investments in Fortitude.

Carlyle has entered into investment management agreements (the "IMAs") with Fortitude and certain ceding companies Fortitude has reinsured (the "Ceding Companies"), pursuant to which Fortitude and the Ceding Companies have invested in, and have granted Carlyle with discretionary authority to continue to invest certain of their assets into, various funds, investment vehicles and other direct investments sponsored or managed by Carlyle or certain of its affiliates and portfolio companies. Pursuant to a portfolio services agreement with Fortitude, Carlyle is the exclusive provider of alternative asset management and advisory services with respect to certain new business acquired by Fortitude with respect to certain asset classes, and pursuant to a strategic advisory services agreement with Fortitude, Carlyle provides certain advisory services to Fortitude and its subsidiaries, including (among other services) advice on asset allocation and selection of investment advisors with respect to all asset classes. Carlyle expects to continue to pursue strategic asset management relationships with other insurance and reinsurance companies.

Carlyle receives compensation, including management fees and carried interest or incentive fees, in connection with investments made in Advisory Clients under the IMAs. These amounts will not offset the management fee payable by any Advisory Client to Carlyle and will not be shared with any Advisory Client. To the extent they invest in an Advisory Client, it is expected that certain Ceding Companies would be represented on any Investor Advisory Committees of the Advisory Clients that Carlyle causes it to invest in under the IMAs, with full voting power and that such Ceding Companies would be entitled

to vote in connection with any limited partner vote of an Advisory Client, while certain other Ceding Companies will have arrangements that will result in them not exercising their voting rights and being a non-voting observer on any investor advisory committee and a non-voting limited partner. To the extent it invests in an Advisory Client, it is expected that Fortitude would be a non-voting observer on any Investor Advisory Committees of the Advisory Clients that Carlyle causes it to invest in under the IMAs, with no voting power and that Fortitude would not be entitled to vote in connection with any limited partner vote of an Advisory Client. In light of the reinsurance relationship between Fortitude and the Ceding Companies, which provides that the investment performance of the Ceding Companies inures to Fortitude's benefit or detriment, it is possible that the Ceding Companies that have voting power may exercise their Investor Advisory Committee or limited partner votes in a way that is different than they would absent this relationship.

Carlyle expects to continue to pursue strategic asset management relationships with other insurance and reinsurance companies including via ceding relationships and otherwise and to continue to establish managed accounts related to such relationships (together with Fortitude Re and its affiliated entities, each an "Insurance Account"). Carlyle generally expects to treat any such Insurance Account as an Advisory Client for the purposes of allocating investment opportunities and related fees and expenses.

Transactions with Potential and Actual Investors and Co-Investors

CGCIM and its affiliates from time to time engage in transactions with prospective and actual investors and co-investors that entail business benefits to such investors including, for the avoidance of doubt, Fortitude Re, Ceding Companies, beneficial owners of other advisory clients and any of their affiliates. Such transactions may be entered into prior to, or coincident with, an investor's admission to an Advisory Client (or commitment to co-invest) or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to one or more Advisory Clients and their respective portfolio companies. Examples include the ability to co-invest alongside Advisory Clients, sales of companies to investors and recommendations to underwriters for allocations in initial public offerings, or loans to co-investors (or joint venture partners) by Carlyle or a Carlyle-sponsored investment vehicle. An Advisory Client may sell investments to any third party, including investors in such Advisory Client or other Advisory Clients. Investing in an Advisory Client does not give investors access to any such transactions.

Personnel

CGCIM and its affiliates from time to time hire short-term or long-term personnel (including secondees and interns) who are employees, relatives of or are otherwise associated with an investor, portfolio company or a service provider. Although reasonable efforts are made to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee that CGCIM can control for all such potential conflicts of interest, and there may continue to be an ongoing appearance of a conflict of interest.

Third-party service providers and vendors (including law firms) that provide services to CGCIM and its affiliates may from time to time second personnel to Carlyle at reduced rates or at no cost to Carlyle. A seconded employee may predominantly or exclusively work on matters applicable to CGCIM (and not to Advisory Clients), and accordingly Advisory Clients may not benefit from such seconded employee to the same extent as CGCIM. Such arrangements may give Carlyle an incentive to favor the service provider or vendor that

employs the secondee (including by engaging the service provider or vendor on matters related to Advisory Clients), including in cases where other vendors or service providers may provide better or more cost-effective services.

In addition, from time to time, certain Carlyle personnel (including secondees and temporary personnel or consultants that may be short-term or long-term arrangements) may be seconded to one or more Advisory Client portfolio companies and provide finance, administrative and other services to such portfolio companies and the compensation for such personnel during the secondment will be borne by such portfolio companies (in whole or in part). To the extent Carlyle receives any fees or expense reimbursement from such portfolio companies with respect to such personnel, they will not be subject to the management fee offset provisions and the investors may not receive the benefit of such fees or compensation. Such personnel may also be seconded to one or more investors.

Portfolio Company Relationships

The portfolio companies of certain Advisory Clients and the borrowers or issuers of financial instruments held by certain Advisory Client portfolios may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other advisory clients that, although Carlyle determines to be consistent with the requirements of such Advisory Clients' governing agreements, may not have otherwise been entered into but for the affiliation with Carlyle, and which may involve fees and /or servicing payments to Carlyle-affiliated entities which are not subject to the management fee offset provisions described in Item 5.

Such fees and/or servicing payments generally are expected to be at or below market rates or otherwise at rates that Carlyle believes are reasonable, although Carlyle does not expect to obtain benchmarking data in respect of all such fees and/or servicing payments, or that relevant comparisons will be available to the extent it, from time to time, seeks such benchmarking data. To the extent that a portfolio company of a Carlyle-related fund is providing such a service, such portfolio company and such Carlyle-related fund will benefit. Further, the benefits received by the particular portfolio company providing the service may be greater than those received by such Advisory Client and its portfolio companies providing the service. Portfolio companies directly or indirectly owned by other Advisory Clients may provide services to the Advisory Client and its investments and one or more such portfolio companies may be providing such services exclusively to Carlyle or one or more other Carlyle portfolio companies, from time to time or in the normal course of business. In addition, for example, Carlyle may, like other private equity firms, in the future cause portfolio companies to enter into agreements regarding group procurement, benefits management, data management and/or mining, technology development, purchase of title and/or other insurance policies (which may be pooled across portfolio companies and discounted due to scale) and other similar operational initiatives that may result in fees, commissions or similar payments and/or discounts being paid to the investment advisor or its affiliates or to a portfolio company, including related to a portion of the savings achieved by the portfolio company. In addition, portfolio companies of other Carlyle-related funds may do business with, support or have other relationships with competitors of an Advisory Client's portfolio companies, and in that regard prospective investors should not assume that a company related to or otherwise affiliated with Carlyle will only take actions that are beneficial to or not opposed to the interests of the Advisory Client and its portfolio companies. For example, it is possible that certain portfolio companies of the other Carlyle-related funds or companies in which the other Carlyle-related funds have an interest will compete with an Advisory Client for one or more investment opportunities. In addition, it is possible that one or more

portfolio companies of an Advisory Client may look to buy or sell a business or asset to or from a portfolio company of another Carlyle-related fund (or to or from the other Carlyle-related fund itself).

With respect to transactions or agreements with portfolio companies, if unrelated officers of a portfolio company have not yet been appointed, Carlyle may be negotiating and executing agreements between Carlyle and/or Advisory Clients on the one hand, and the portfolio company or its affiliates, on the other hand, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length. The measures Carlyle may use to mitigate such conflicts include involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Additionally, Carlyle may hold equity or other investments in companies or businesses (even if they are not "affiliates" of Carlyle) that provide services to or otherwise contract with portfolio companies. In connection with such relationships, Carlyle may also make referrals and/or introductions to portfolio companies (which may result in financial incentives (including additional equity ownership) and/or milestones benefitting Carlyle that are tied or related to participation by portfolio companies). Advisory Clients and its investors will not share in any fees or economics accruing to Carlyle as a result of these relationships and/or participation by portfolio companies.

Insurance

The general partner of an Advisory Client will cause such Advisory Client to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers and insurance lawyers) for, insurance (including cyber insurance) to insure such Advisory Client, its general partner, CGCIM, Carlyle and/or their respective directors, officers, employees, agents, representatives, members of the Advisory Client's Investor Advisory Committee and other indemnified parties, against liability in connection with the activities of such Advisory Client. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by Carlyle that cover the Advisory Client, other Carlyle advisory clients, CGCIM and/or Carlyle (including their respective directors, officers, employees, agents, representatives, members of the Investor Advisory Committee and other indemnified parties). Carlyle will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among Advisory Clients, other Carlyle advisory clients, CGCIM and/or Carlyle on a fair and reasonable basis, in its sole discretion, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in an Advisory Client bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Certain Guarantees

From time to time, counterparties to transactions in which an Advisory Client participates (including lenders) may require such Advisory Client to guarantee, or otherwise be liable for, the obligations of other Advisory Clients and accounts participating in such transactions. In such situations, it is not expected that such Advisory Client would be compensated for providing such guarantee.

CSL Ownership of CDL CLO's Preferred Interests

CSL, as CDL CLO's originator, holds all of CDL CLO's outstanding preferred interests. CDL CLO's documentation provides for certain actions to occur at the direction of the specified percentage of preferred interests, including an optional redemption of securities issued by CDL CLO. In addition, in

the event of a resignation, termination or removal of CGCIM as the collateral manager of CDL CLO, a majority of the preferred interests will have the right to appoint a successor collateral manager, subject to certain limitations. It may be difficult or not possible, so long as CSL owns the preferred interests, to take such actions without the consent of CSL. To the extent that the interests of the holders of the rated notes issued by CDL CLO differ from the interests of the holders of the preferred interests, CSL's ownership of all or a significant portion of the outstanding preferred interests may create additional conflicts of interest. In addition, CSL, as the initial holder of all of the preferred interests issued by CDL CLO, will exercise the rights of such a holder, which may conflict with or be adverse to the interests of the holders of the rated notes issued by CDL CLO.

CSL Ownership of MMCF

CSL and its affiliates that are advised by CGCIM may be required to present certain qualifying investments to MMCF.⁷

Class Action Notices

On occasion, CGCIM receives class action notifications inviting Advisory Clients to participate in a class action lawsuit and/or settlement as applicable. In assessing whether to participate, CGCIM will calculate an estimate of the potential recovery amount, including projected legal and administrative costs. If the cost of participation appears likely to exceed the potential recovery amount or result in a *de minimis* settlement amount for the Advisory Client, CGCIM may conclude that it is not appropriate for the Advisory Client to participate in the class action.

Global Investment Solutions

From time to time, advisory clients of the Global Investment Solutions investment advisers (*i.e.*, AlpInvest) are expected to provide portfolio financing, capital to or otherwise invest as a co-investor in certain funds, accounts or investments managed or advised by other sponsors or managers of private funds. The strategies of such sponsors or managers have historically overlapped and are likely to continue to overlap with certain investment strategies of the advisory clients managed by CGCIM and other Carlyle affiliates. It is therefore likely that the Global Investment Solutions investment advisers will create additional competition in the market or independently consider the same investment opportunities as CGCIM Advisory Clients, and thereby, on any given occasion, compete directly or indirectly with CGCIM or Carlyle for the same or similar investment opportunities. There could be circumstances where all or a portion of an investment opportunity appropriate for an Advisory Client may also be appropriate for another Carlyle advisory client (including Global Investment Solutions) and all or a portion of such opportunity may get allocated to an advisory client not advised by CGCIM.

Relatedly, where permitted under the specific legal and/or organizational documents of an Global Investment Solutions advisory client, such advisory client may invest in entities in which other advisory clients of CGCIM or other Carlyle-affiliated investment advisers (*e.g.*, pooled investment vehicles and managed accounts) have or are concurrently making a separate investment and, likewise, advisory clients of CGCIM or other Carlyle-affiliated investment advisers may invest in entities or assets in which Global Investment Solutions advisory clients have an existing investment or are concurrently making

⁷ See also Item 11 – “Allocation of Investments”.

an investment. In such situations, the Global Investment Solutions advisory clients and other Carlyle entities may have conflicting interests (*e.g.*, over the terms of, or actions taken with respect to, their respective investments). In distressed situations, these interests may be in conflict over such matters as whether to put an issuer in default, whether to grant consents or waivers, or whether to pursue litigation. In a bankruptcy proceeding, such advisory clients' interests may be subject to enhanced scrutiny, subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of Carlyle relating to the company involved in the bankruptcy proceeding. Further, a Carlyle-advised BDC or a Carlyle-advised investment company registered under the 1940 Act (a "RIC") may seek to make an investment in an issuer at or around the same time that a Global Investment Solutions advisory client seeks to make an investment in the same issuer. Federal securities laws and related SEC regulations may prohibit the Carlyle-advised BDC or RIC (including CAPM, a RIC advised by AlpInvest PEIM) and the Global Investment Solutions advisory client from making the investment. Additionally, a Carlyle-advised BDC or RIC may seek to make an investment in an issuer in which a Global Investment Solutions advisory client holds an existing substantial (direct or indirect) interest and can exert some measure of control, which may preclude the Carlyle-advised BDC or RIC from making the investment.

In addition, the Global Investment Solutions investment advisers expects to cause an advisory client of such adviser to hold, if permitted under its investment restrictions, interests in one or more Carlyle funds or co-investment opportunities. Given the relationship between such investment advisers and Carlyle, such advisers may be incentivized to invest in (i) Carlyle-sponsored underlying funds or investments, as opposed to underlying funds or investments sponsored or managed by potential competitors of Carlyle or (ii) certain Carlyle-sponsored underlying funds or investments over other Carlyle-sponsored funds or investments, including where such funds or investments have differing levels of fees or have different relative capital needs. Any such investment by a Global Investment Solutions advisory client is expected to be made on arm's-length terms (or otherwise consented to or approved, *e.g.*, by investors or advisory clients), subject in any case to applicable information barriers and the confidentiality restrictions arising from particular fund or vehicle agreements, as well as any applicable adviser's fiduciary duties to its advisory clients.

Furthermore, transactions involving the purchase (or sale) of securities by an Advisory Client from (or to) an advisory client of a Global Investment Solutions adviser (*e.g.*, the acquisition of a portfolio company from a third-party private equity fund where an AlpInvest advisory client is a co-investor) may constitute a cross-trade or a principal transaction in certain circumstances. Accordingly, prior to any potential cross-trade or principal transaction involving an Advisory Client, CGCIM will determine whether or not the trade would constitute a cross-trade or principal transaction, and if so, that all required notice and consent requirements have been satisfied.

ITEM 9. DISCIPLINARY INFORMATION

None of CGCIM, its executive officers, members of its investment committees or portfolio management committees or other "management persons" as defined in Form ADV have been the subject of any legal or disciplinary matter of an investment-related nature that would be material to an existing or prospective Advisory Client's evaluation of CGCIM's advisory business or the integrity of its management.

In the ordinary course of business, Carlyle is a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. Additional information regarding such matters is available in current public filings with the SEC for the Public Company (see ir.carlyle.com).

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The following discussion enumerates certain potential conflicts of interest arising from certain of the financial industry activities and affiliations of CGCIM and its affiliates.

Affiliated Broker-Dealers

TCG Capital Markets

Effective January 3, 2022, Carlyle's two affiliated broker-dealer entities, TCG Securities, L.L.C. ("TCG Securities") and TCG Capital Markets L.L.C. ("TCG Capital Markets"), restructured and now operate as TCG Capital Markets.

An affiliate of CGCIM, TCG Capital Markets is registered as a broker-dealer with the SEC and in 50 states, the District of Columbia, the Commonwealth of Puerto Rico and the Virgin Islands, and is a member of the Financial Industry Regulatory Authority ("FINRA"). Additionally, TCG Capital Markets operates under an international dealer exemption in the Canadian provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec and Saskatchewan.

TCG Capital Markets conducts U.S.-based marketing and fundraising activities for our Global Private Equity, Global Credit, and Global Investment Solutions business lines, and houses our anti-money laundering compliance function. TCG Capital Markets acts as a placement agent, on a best efforts basis, with respect to the offer and sale of investment funds and certain interests in private investment vehicles (most of which are affiliated, and include Advisory Clients), interests in special purpose vehicles (including debt and equity tranches of collateralized loan obligations for which CGCIM serves as collateral manager through its relying advisers Carlyle CLO and CBAM CLO) and underwriting or sponsoring mutual funds in a wholesaler capacity. Certain registered representatives of TCG Capital Markets also may be providing investment advisory services to Advisory Clients and to advisory clients of Carlyle-affiliated investment advisers. These individuals are subject to the policies and procedures of TCG Capital Markets when engaging in securities-related transactional activities in addition to CGCIM's (or the relevant Carlyle-affiliated advisers') policies and procedures.

TCG Capital Markets also operates as part of the GCM platform within Global Credit, and engages in the underwriting, syndication and placement of securities of corporate issuers in private transactions, underwriting, syndication of corporate issuers in public offerings (including IPOs) and/or participating in the underwriting syndicate for public offerings, among other related activities. The GCM platform also includes TCG Senior Funding, L.L.C., an affiliate of TCG Capital Markets, which has been established to arrange, place underwrite, originate and syndicate loans, and may act as the initial purchaser of such loans.

GCM is expected to collect a variety of fees including the fees discussed in Item 5. Certain registered representatives of TCG Capital Markets also are expected to be providing investment advisory services to Advisory Clients and to advisory clients of Carlyle-affiliated investment advisers. These individuals are subject to the policies and procedures of TCG Capital Markets when engaging in securities-related transactional activities in addition to CGCIM's (or the relevant Carlyle-affiliated investment advisers') policies and procedures. Also see "Carlyle Global Capital Markets Provider" in Item 8.

A GCM Provider may, from time to time, manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities, debt instruments and loans of portfolio companies and other non-controlled entities in or through which Advisory Clients and other Carlyle-affiliated advisory clients have invested including in respect of securities or other instruments of such portfolio companies in which Advisory Clients and other Carlyle-affiliated advisory clients have invested, and with respect to securities and other instruments held directly or indirectly by certain co-investment vehicles. In addition, a GCM Provider may otherwise be involved in the public or private placement of such securities and other instruments, and/or may provide capital markets advisory services to portfolio companies and other noncontrolled entities in or through which Advisory Clients or other Carlyle-affiliated advisory clients invest, including in connection with mergers and acquisitions, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through investments of Advisory Clients or other Carlyle-affiliated advisory clients. A GCM Provider may also provide syndication services to such entities including in respect of co-investments in transactions participated in by Advisory Clients or other Carlyle-affiliated advisory clients. A GCM Provider may receive GCM Fees, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments and other compensation, which may be payable in cash or securities and/or loans, in respect of the activities described above and may elect to waive such fees. A GCM Provider may, as a consequence of such activities, from time to time hold positions in instruments or securities and/or loans issued by portfolio companies, including, for example, where a GCM Provider commits to fund the shortfall amount, if any, resulting from the incomplete syndication of debt, including loans, or equity. Under such circumstances, the GCM Provider may commit to provide capital support for the syndication on a short-term basis (*i.e.*, to provide certainty to Advisory Clients or other Carlyle-affiliated advisory clients that there will be sufficient capital to complete the proposed transaction) or fund a different instrument or security in the portfolio company than that held by Advisory Clients or other Carlyle-affiliated advisory clients to facilitate the syndication. In either scenario, the GCM Provider typically will sell its holdings prior to Advisory Clients or other Carlyle-affiliated advisory clients disposing of their respective investments in the portfolio company.

A GCM Provider also may act as placement agent or underwriter of securities and/or loans of a third party that Advisory Clients or other Carlyle-affiliated advisory clients may purchase. A GCM Provider may act as the placement agent, generally on a best efforts basis, with respect to the offer and sale of certain interests in private investment vehicles and special purpose vehicles for Advisory Clients or other Carlyle-affiliated advisory clients in certain jurisdictions. A GCM Provider does not generally receive compensation for such service; however, if compensation is received, such compensation would be made on a fully disclosed basis. A GCM Provider does not otherwise execute transactions on behalf of Advisory Clients or other Carlyle-affiliated advisory clients. While GCM Fees, including commissions, upfront placement fees, interest payments and other compensation paid to a GCM Provider are generally believed to be reasonable and charged at rates that are market rates for the relevant activities, there may be substantial limitations in obtaining market rates as described more fully herein. Under certain circumstances, such compensation could be determined through negotiation with related parties. Advisory Clients or other Carlyle-affiliated advisory clients generally do not have the right to share in the compensation received by a GCM Provider for its role in any transaction, unless specifically required (*e.g.*, Exemptive Relief).

The relationship CGCIM has with a GCM Provider may give rise to a potential conflict of interest between CGCIM and Advisory Clients or other Carlyle-affiliated advisory clients that have an interest in any portfolio companies or investment vehicles with respect to which a GCM Provider provides

services. In particular, CGCIM may be seen as incentivized to seek to influence the decision to retain a GCM Provider, or transact with a GCM Provider, instead of other unaffiliated broker-dealers or other service providers or counterparties that may be more appropriate or offer better terms. Where a GCM Provider acts as a lender to a portfolio company in which Advisory Clients or other Carlyle-affiliated advisory clients hold investments in the same or different levels of the capital structure, the arrangement may lead to a conflict between such GCM Provider and the Advisory Clients or other Carlyle-affiliated advisory clients in the event of a default by, or the liquidation of, the portfolio company or a restructuring or renegotiation of the terms of the loan. In certain circumstances, including without limitation, where a portfolio company becomes distressed and the participants in the relevant offering have a valid claim against the underwriter, the participating Advisory Clients or other Carlyle-affiliated advisory clients may have a conflict in determining whether to seek recourse or sue such GCM Provider. CGCIM could also be seen as incentivized to structure portfolio company transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for the GCM Provider to be retained by a portfolio company or acquisition company established for the relevant transaction and generate fees, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments or other compensation for such an affiliated broker).

A GCM Provider also provides financing and capital markets services to third parties that are not portfolio companies, including to Competitor Companies, and may act as placement agent in respect of investment funds that are sponsored and managed by other third-party investment managers, including funds that may compete with Advisory Clients or other Carlyle-affiliated advisory clients. In addition, a GCM Provider may also be engaged to provide financing or other capital markets services to third parties in connection with transactions that may also be appropriate for Advisory Clients or other Carlyle-affiliated advisory clients. In some cases, these services offered to third parties in connection with a transaction may be provided concurrently with services being provided in a similar manner to Advisory Clients or other Carlyle-affiliated advisory clients even if the Advisory Clients or other Carlyle-affiliated advisory clients has a competing interest with the third party. In providing such services to third parties, including to Competitor Companies, a GCM Provider may come into possession of information that they are prohibited from acting on (including on behalf of an Advisory Client or other Carlyle-affiliated advisory clients) or disclosing to CGCIM or CIM or its affiliates as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interests of Advisory Clients or other Carlyle-affiliated advisory clients.

A GCM Provider's ability to receive commissions or other transactional compensation in certain capital markets transactions on the basis of an Advisory Clients' or other Carlyle-affiliated advisory clients' participation may be limited in certain circumstances. As a result, in the event that such services are provided to an issuer that is or becomes a potential investment opportunity for Advisory Clients or other Carlyle-affiliated advisory clients, this limit on compensation may create a conflict of interest with such Advisory Clients or other Carlyle-affiliated advisory clients. Where a GCM Provider serves as underwriter with respect to a security or loan in which an Advisory Client or other Carlyle-affiliated advisory client invests, such Advisory Client or other Carlyle-affiliated advisory client may be subject to a "lock-up" period during which time the investment may not be sold, and may prejudice the Advisory Clients' or other Carlyle-affiliated advisory clients' ability to dispose of such investment at an opportune time. A GCM Provider may have access to confidential and/or material, non-public information regarding Advisory Clients, other Carlyle-affiliated advisory clients or their portfolio companies and,

subject to applicable law and confidentiality agreements, may use such information in connection with financing and other services provided by a GCM Provider.

Transactions involving an Advisory Client and an affiliated broker-dealer are reported periodically to the Capital Markets Oversight Committee. In addition, CIM reviews such transactions to ensure that the requirements of Section 206(3) of the Advisers Act in respect of principal transactions between any Advisory Clients or other Carlyle-affiliated advisory clients and Carlyle or its affiliates (including a GCM Provider) are complied with in the context of such transactions.

In addition, Carlyle's investment advisory professionals are expected to be involved in such activities (*e.g.*, participating in underwriting and lending syndicates and otherwise acting as arrangers of financing, including with respect to the public offering and private placement of debt or equity securities issued by, and loan proceeds borrowed by, the Advisory Clients and their portfolio companies) of broker-dealer affiliates of CIM who are U.S.-registered broker-dealers (or affiliates providing similar services with respect to loans), and their activities will often give rise to fees that are not subject to any management fee offset, even though such persons are involved in investment-related activities on behalf of one or more Advisory Clients.

Underwritings and financings can be on a firm commitment basis or on an uncommitted, or "best efforts," basis, and the underwriting or financing parties are under no duty to provide any commitment unless specifically set forth in the relevant contract. Carlyle can be expected to also provide placement or other similar services to purchasers or sellers of securities, including loans or instruments issued by portfolio companies and other Advisory Clients. A GCM Provider will from time to time act as the member of the underwriting syndicate or broker for the Advisory Clients or their portfolio companies, or as dealer, broker or advisor to a counterparty to the Advisory Clients or a portfolio company, and purchase securities from or sell securities to the Advisory Clients or portfolio companies of Advisory Clients. A GCM Provider will also from time to time, on behalf of the Advisory Clients or their portfolio companies, or other parties to a transaction involving the Advisory Clients or their portfolio companies, effect transactions, including transactions in the secondary markets, that result in commissions or other compensation paid to a GCM Provider by the Advisory Clients or their portfolio companies or the counterparty to the transaction, thereby creating a potential conflict of interest. This could include, by way of example, fees and/or commissions for equity syndications to co-investment vehicles. Subject to applicable law, a GCM Provider will from time to time receive GCM Fees (as defined above in Item 5) underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing fees, capital markets advisory fees, lending arrangement fees, asset/property management fees, insurance (including title insurance) fees and consulting fees, commitment fees, syndication fees, origination fees, organizational fees, operational fees, loan servicing fees, and financing and divestment fees (or, in each case, rebates in lieu of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where a GCM Provider, the Advisory Clients or their portfolio companies are purchasing debt) or other compensation with respect to the foregoing activities, which are not required to be shared with the Advisory Clients or investors, and the management fee with respect to an investor generally will not be reduced by such amounts. CGCIM has sole discretion to approve the foregoing arrangements if CGCIM believes in good faith that such transactions are appropriate for the Advisory Clients.

Other Affiliated Broker-Dealers

An affiliate of CGCIM, Carlyle Australia Equity Management Pty Limited (“CAEM”), is incorporated in Australia and is licensed by the Australian Securities and Investments Commission as an Australian financial services licensee. As an Australian financial services licensee, CAEM is authorized to carry on a financial services business to provide advice on and deal in financial products (managed investment schemes and securities) for wholesale clients. CAEM does not currently intend to hold client monies or securities for, or owe money or securities to, clients generally. CAEM and its individual staff members are subject to the policies and procedures of CAEM when performing its authorized financial services activities in addition to CGCIM’s (or the relevant Carlyle-affiliated advisers’) policies and procedures.

Another affiliate of CGCIM, Carlyle Hong Kong Equity Management Limited (“CHKEM”), is incorporated in Hong Kong and is licensed by the Hong Kong Securities and Futures Commission to carry on Type 1 (dealing in securities) regulated activity in respect of professional investors. CHKEM does not hold client monies or assets on behalf of clients. Carlyle Asia Limited (“CAL”) is licensed by the Hong Kong Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities in respect of professional investors. CAL and CHKEM and its individual staff members are subject to the policies and procedures of CAL or CHKEM, as appropriate, when performing its regulated activities in addition to CGCIM’s (or the relevant Carlyle-affiliated advisers’) policies and procedures.

Another affiliate of CGCIM, Carlyle Singapore Investment Advisers Pte Limited (“CSIAL”) holds a capital market services license and an exempt financial adviser status registration with the Monetary Authority of Singapore to carry on fund management and dealing in securities activities in respect of institutional and accredited investors. CSIAL and its individual staff members are subject to the policies and procedures of CSIAL when performing its regulated activities in addition to CGCIM’s (or the relevant Carlyle-affiliated advisers’) policies and procedures.

Carlyle Japan Equity Management L.L.C. (“CJEM”) is registered with the Financial Services Agency of Japan as a Japanese Type II Financial Instruments Business Operator, and is also a member of T2FIFA, a self-regulatory organization in Japan. Pursuant to this registration, CJEM is permitted to perform marketing activities to and private placements for specified investors with respect to interests in a limited partnership.

Carlyle Investments (Canada) Corporation (f/k/a DGAM) retains an exempt market dealer license with the Ontario Securities Commission to facilitate certain marketing activities in Canada for Advisory Clients.

Affiliated Business Development Companies and Registered Investment Companies

As referenced above, CSL III is an investment fund within Global Credit that has elected to be regulated as a BDC and is subject to all relevant provisions under the 1940 Act as a BDC. CSL III is advised by CGCIM’s wholly-owned investment adviser, CSL III Advisor.

AlpInvest PEIM acts as the adviser to CAPM, a continuously offered, unlisted closed-end registered investment company. CGCIM is a subadvisor to CAPM.

Affiliated Advisers under Common Control – Separate Federal Registrants

CGCIM is under common control with several Carlyle-affiliated investment advisers that are separately registered as investment advisers under the Advisers Act, including CIM, CSL III Advisor, Carlyle CLO, CBAM CLO, Carlyle CLO Europe (relying advisers of CIM), CASP and CAPDP, which were described above in Item 4.

CGCIM is approved to provide portfolio management services with respect to certain private investment funds that are managed by the CGCIM AIFM, an affiliated alternative investment fund manager licensed with the CSSF under the AIFMD (as defined above).

Related General Partners/Managing Members

CGCIM is under common control with several general partners/managing members of Carlyle-sponsored investment vehicles. CGCIM, either directly or indirectly, enters into investment advisory agreements to provide all investment advisory services regulated by the Advisers Act to certain Carlyle-sponsored investment vehicles.

Affiliated Alternative Investment Fund Manager

Through a series of delegation agreements, CGCIM provides portfolio management services with respect to certain private investment funds that are managed by the CGCIM AIFM, an affiliated alternative investment fund manager licensed with the CSSF under the AIFMD.

Exempt Reporting Advisers

CELFF is exempt from registration with the SEC and an “Exempt Reporting Adviser” under the exemption from the SEC’s investment adviser registration set forth in Rule 203(m)-1 under the Advisers Act.

Participating Affiliates

CGCIM controls, or is under common control with, several affiliates established outside of the United States, as listed below (the “Participating Affiliates”), to assist CGCIM in rendering investment advice. As noted below, certain Participating Affiliates are registered with the regulatory authorities in their local jurisdiction based on their particular business and requirements of local law. Typically, these Participating Affiliates identify, evaluate and monitor investment opportunities and investments in the foreign jurisdictions in which they are located solely to advise CGCIM on investment opportunities in respect of an Advisory Client.

CGCIM subjects each of the Participating Affiliates and their respective employees to CGCIM’s regulatory oversight and its Code of Conduct (see Item 11 below) together with its other compliance policies and procedures, including books and records maintenance, as adopted pursuant to the requirements of the Advisers Act, as applicable (in addition to applicable local laws and regulations).

None of the Participating Affiliates conducts a stand-alone business apart from providing internal analysis and advice to CGCIM.

**CIC Advisors LLP (a foreign private adviser and an appointed representative of CECP Advisors LLP, registered with the FCA)
CSP Investment Advisors (HK) Limited**

Other Carlyle Affiliations

Due to the fact that the Public Company is a publicly traded company and that Carlyle has many different asset management and advisory businesses that operate on a global basis, CGCIM may be subject to increased scrutiny and greater regulatory oversight than it would be absent the Carlyle relationship. In addition, increased regulatory oversight of Carlyle and its affiliates may impose additional requirements and administrative burdens on CGCIM, including, without limitation, implementing new policies and procedures and complying with reporting obligations.

CGCIM may invest on behalf of its Advisory Clients in companies or other entities in which Carlyle-affiliated advisory clients have or are concurrently making a separate investment and, likewise, Carlyle-affiliated advisory clients may invest in companies or other entities in which Advisory Clients have an existing investment or are concurrently making an investment. In such situations, Advisory Clients and such other Carlyle-affiliated advisory clients may have conflicting interests (*e.g.*, over the terms of, or actions taken with respect to, their respective investments). Further, in a bankruptcy proceeding, the interests of CGCIM's Advisory Clients may be subject to enhanced scrutiny, subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of Carlyle relating to such affiliate's investment.

As noted in Item 4, certain supervised persons of CIM and Carlyle CLO are also supervised persons of CGCIM. Providing investment advisory services to more than one advisory client managed by different investment advisers may give rise to conflicts to the extent that an employee's fiduciary duties to one advisory client may conflict with the interests of another advisory client. To address perceived conflicts of this nature, CGCIM has adopted and implemented policies and procedures, including regarding the allocation of investment opportunities, described in Item 11.

Other Competitive Activities

Other investment advisers affiliated with Carlyle (or their employees), including CIM, CSL III Advisor, Carlyle CLO, CBAM CLO, Carlyle CLO Europe, CASP and CAPDP may conduct other business activities that could present a potential conflict of interest with Carlyle, CGCIM and/or CGCIM's Advisory Clients. For example, within Global Credit, advisory clients of CIM, Carlyle CLO CBAM CLO, Carlyle CLO Europe, CASP and CAPDP, and Advisory Clients of CGCIM may be in competition for similar investment opportunities. Please see "Allocation of Investments" below for a more detailed discussion of the procedures adopted regarding this potential overlap.

Possession of Material, Non-Public Information and other Trading Restrictions

As discussed in Item 8, Carlyle has implemented an information barrier to segregate the flow of material, non-public information between Global Credit, including CGCIM and other investment advisers, as well as personnel in Global Credit, and the rest of Carlyle. The purpose of this information barrier is to mitigate potential conflicts of interest and address certain regulatory, legal and contractual requirements in order to minimize restrictions on collaboration between Global Credit and the rest of Carlyle. For example, if Carlyle comes into possession of material, non-public information, the information barrier

protects the investment activities of Global Credit, on the one hand, and the rest of Carlyle, on the other hand, by preventing such information from being imputed from one business unit to the other. From time to time Carlyle may permit an investment professional within Global Credit to participate in certain Carlyle-related investment advisory activities outside of Global Credit. To the extent such investment professional acquires material, non-public information in connection with such activities Global Credit may be restricted from making certain investments. Carlyle further may, from time-to-time, adjust the parameters of the Global Credit information barrier to provide more discretion, including a narrowing of such information barrier, to Carlyle in its application of such information barrier or erect an information barrier within Global Credit.

At the same time, within Global Credit, with the exception of an information barrier affecting CASP, there is no information barrier between CIM, CGCIM and certain other separately registered investment advisers affiliated with CGCIM that are part of the group. Global Credit generally operates a restricted list to which CGCIM's Advisory Clients and Global Credit's CIM advisory clients are subject. As a consequence, CGCIM and CIM may not be able to buy or sell a particular security on behalf of certain of its advisory clients because Global Credit may be deemed to be in possession of material, non-public information. Similarly, in such circumstances, CGCIM and CIM may not be able to dispose of a security owned by an advisory client, even in a declining market, until the information becomes publicly available or no longer material and the security is no longer restricted.

Carlyle, including Global Credit, also may from time to time erect information barriers or similar policies, procedures or guidelines for reasons of insulating material, non-public information and Carlyle may decide to remove information barriers. Carlyle has established policies and procedures regarding the implementation and operation of information barriers and trains its professionals on such policies and procedures.

Other Activities and Relationships

The employees of Carlyle and its affiliates may serve on the boards of directors of portfolio companies of Advisory Clients. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of an Advisory Client.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Codes of Conduct

CGCIM has adopted and implemented a Code of Conduct that sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act and Rule 17j-1 of the 1940 Act. Among other things, the Code of Conduct prescribes standards for dealing with clients ethically, addresses conflicts of interest issues, and supplements personal trading and operating procedures, including Carlyle's Policies and Procedures Regarding Material, Non-Public Information and the Prevention of Insider Trading. The Code of Conduct provides guidance in specific areas, including but not limited to, confidentiality of Carlyle information, personal investments, gifts and entertainment, protection of persons who engage in "whistle

blowing” activities from retaliation and personal political activities. This Code of Conduct is available to Advisory Clients, investors or prospective Advisory Clients or investors by writing to Carlyle Global Credit Investment Management L.L.C., One Vanderbilt Avenue, Suite 3400, New York, NY 10017, Attn: Investor Relations.

Further, Carlyle has adopted additional written policies and procedures to account for the pay-to-play regulations promulgated by the SEC, and to comply with the New York Attorney General’s Public Pension Fund Reform Code of Conduct⁸, which governs Carlyle’s interactions with U.S. public pension funds.

Carlyle has developed and integrated into its investment process a set of responsible investment guidelines that consider the environmental, social and governance implications of its control-oriented investments. Those guidelines are available to clients, investors or prospective clients or investors by writing to the address noted above or by visiting Carlyle’s website (www.carlyle.com).

Principal Transactions

CGCIM, as investment manager, or an affiliate in limited circumstances engages in principal transactions (*i.e.*, transactions in which CGCIM or an affiliate is deemed to be acting for its own account by buying a security from, or selling a security to, an Advisory Client). These transactions introduce a potential conflict of interest between its own interests and those of the Advisory Client.

CGCIM has established policies and procedures to comply with the Advisers Act when engaging in principal transactions with Advisory Clients. Additionally, investment guidelines and an Advisory Client’s charter documents may limit principal transactions on a more restrictive basis than the Advisers Act. In general, CGCIM avoids secondary market transactions in which it knowingly transacts, directly or through a broker-dealer, with advisory clients of CGCIM, CIM, CASP or CAPDP.

In connection with CGCIM’s business, transactions between an affiliated broker-dealer and an Advisory Client may constitute a principal transaction. Accordingly, prior to any potential principal transaction involving an Advisory Client, CGCIM will determine whether or not the trade would constitute a principal transaction, and if so, that all required notice and consent requirements have been satisfied.

Such transactions are prohibited with the BDCs, CCIF, CTAC and CAPM pursuant to the 1940 Act.

In the event CGCIM does engage in such a principal transaction, CGCIM must comply with policies and procedures that it has adopted to ensure compliance with the Advisers Act in respect of principal transactions. These policies and procedures provide, among other things, that if CGCIM contemplates engaging in a principal transaction, CGCIM will give prior notice to and obtain prior consent from independent representatives or independent members of the board of directors of the relevant Advisory Client before proceeding with the transaction. Such notice and approval requirement applies on a transaction-by-transaction basis.

⁸ This code of conduct is available to clients, investors or prospective clients or investors by writing to Carlyle Investment Management L.L.C., 1001 Pennsylvania Avenue, NW, Washington, DC, 20004, Attn: Investor Relations.

Cross Transactions

A cross transaction occurs when one client of an investment adviser sells an asset directly to, or purchases an asset directly from, another client of that investment adviser. CGCIM from time to time allows its Advisory Clients to engage in cross transactions.

Cross transactions may benefit advisory clients because they can eliminate certain transaction fees. They also create conflicts of interest because, by not exposing buy and sell transactions to market forces, advisory clients may not receive the benefits of best price, or, an adviser might seek to prop up the performance of one advisory client by selling its under-performing assets to another advisory client in order, for example, to earn higher fees.

CGCIM has established policies and procedures that address permissible cross transactions between Advisory Clients. Subject to the terms of the Advisory Client's organizational documents (which may exclude certain follow-on investments and other transactions from any applicable consent requirements) as well as applicable law and regulations: (i) notice must be provided to each Advisory Client or an independent representative of each such Advisory Client prior to proceeding with the cross transaction; (ii) if an investor advisory committee of a particular Advisory Client has been established under the Advisory Client's charter and organizational documents, it must provide consent (generally by majority of the committee's members) prior to engaging in such cross transaction; and (iii) records of such notices and consents must be maintained as part of CGCIM's books and records.

Typically, the governing agreements for each of the Advisory Clients address permissible cross transactions. In the case of a separately managed account, the investment management agreement or similar documentation addresses cross transactions. See also Item 8 – "Co-Investments" regarding transfers of an investment from an Advisory Client to an entity formed to hold co-investment.

Global Credit follows separate procedures when a cross transaction involves CCIF, CTAC, CAPM, the BDCs, CDL CLO, MMCF or MMCF II and advisory clients to which the U.S. Structured Credit investment team provides advisory services. CGCIM has established the following procedures in such context: (i) unless otherwise preapproved by the CGCIM Chief Compliance Officer, who will preapprove the transaction only if it is also preapproved by Carlyle's Global Chief Compliance Officer, no consideration should be paid (aside from customary fees for advice and management) other than the current market price of the instrument (including brokerage commissions); (ii) generally, the execution price reflects the average of the midpoints of the then-prevailing related bid and ask quotations of at least two independent brokers and/or pricing services (and if two market or pricing service quotations are not available, the instrument will be fair valued in accordance with appropriate valuation policies and procedures, except that a proposed transaction involving a BDC will not be approved unless market quotations are readily available (other than, as described below, the transfer of assets to CDL CLO by CSL in its role of CLO originator or capital contributions to MMCF or MMCF II by CSL in its capacity as an MMCF Member)); (iii) settled cross transactions must be reviewed by the Global Credit Compliance and Regulatory Committee, a committee comprising senior personnel from Carlyle's compliance department and Global Credit, to determine compliance with CGCIM's procedures; (iv) internal documentation of the cross transaction must be established and maintained, including (among other things) internal transaction reports that contain material transaction information, such as independent pricing of the investment crossed between Advisory Clients; (v) Advisory Clients will

receive notification of cross transactions in periodic reports; and (vi) Carlyle's Global Chief Compliance Officer or designee must pre-approve the cross transaction.

CSL functions as the CLO originator for CDL CLO, which means that CSL, in such role, acquires or originates certain loan assets and transfers them to CDL CLO as a contribution to equity in accordance with the purchase and contribution agreement between CSL and CDL CLO (such asset transfers, "Originator Transfers"). Transfers may also be made from CDL CLO to CSL, for example, for portfolio rebalancing purposes. Since each of CSL, and CDL CLO is an Advisory Client, Originator Transfers constitute cross transactions. Such transactions are made pursuant to an exemption under rules promulgated under the 1940 Act. However, due to (among other reasons) the general unavailability of bid-ask quotations for loan assets of the type to be transferred, Originator Transfers do not lend themselves fully to the cross transaction procedures described in the preceding paragraph. Rather, it is expected that with respect to ensuring the fairness to each Advisory Client of the consideration paid in an Originator Transfer, the purchase and contribution agreement governing such transfers will provide that the price paid by CDL CLO to or from CSL for the transferred asset will be the approximate fair value of such asset. In all cases, CGCIM will seek to ensure that the Originator Transfer is effected for fair market value and on terms as favorable to the CDL CLO as would be the case in a transaction with an independent third party.

With respect to MMCF and MMCF II, the MMCF Members may from time to time make capital contributions ("Capital Contributions") to MMCF or MMCF II in the form of investments then owned by the MMCF Members. These Capital Contributions are counted toward each MMCF Member's total capital commitment to MMCF. Capital Contributions made by or on behalf of CSL constitute cross transactions, since each of CSL, on the one hand, and MMCF and MMCF II, on the other, is an Advisory Client. As with Originator Transfers, discussed above, these Capital Contributions are made pursuant to an exemption under rules promulgated under the 1940 Act. However, as is the case with Originator Transfers, discussed above, bid-ask quotations for loan assets of the type to be contributed by CSL to MMCF or MMCF II in the form of Capital Contributions do not lend themselves fully to the cross transaction procedures described above. Rather, it is expected that with respect to ensuring the fairness to each Advisory Client in the exchange of an investment in the form of a Capital Contribution for MMCF or MMCF II membership interests, Capital Contributions will be subject to valuations approved by the board of managers of MMCF or MMCF II, on the one hand, and a majority of the independent directors of CSL, on the other hand, which should approximate fair value.

Fund Notice and Consent

Details of any such transaction typically are disclosed in the offering documents of an Advisory Client. In other cases, principal transactions may occur after an Advisory Client has held an initial closing. In those cases (other than certain Global Credit advisory clients), either the Advisory Client or an independent representative of the Advisory Client must receive notice of the transaction and consent to the transaction prior to CGCIM or an affiliate settling the principal transaction. An Investor Advisory Committee is typically established for each Advisory Client to, among other things, receive notice of, advise on and provide consent to certain conflicts of interest matters, such as principal transactions.

Certain Global Credit advisory clients may follow a different procedure because of the absence of a separate Investor Advisory Committee. In the case of a principal transaction, typically a qualified independent agent is engaged to review and approve of such transactions (where the independent agent

determines, in its sole judgment, that the monetary or business consideration arising therefrom would be substantially as advantageous to the Advisory Client as the monetary or business consideration which the Advisory Client would obtain in a comparable arm's-length transaction with a person who is not an affiliate of the Advisory Client). In the case of Global Credit advisory clients, principal transactions generally require that the price reflect the average of the midpoints of the then-prevailing related bid and ask quotations of at least two independent brokers and/or pricing services as a condition to the engaging in the transaction. If two market or pricing service quotations are not available, the instrument will be fair valued in accordance with CGCIM's valuation policies and procedures.

Separate Account Notice and Consent

In the case of an Advisory Client that is a separately managed account, CGCIM will notify the Advisory Client itself or a duly appointed, independent representative of the Advisory Client to obtain consent for any principal transaction.

Other Notice and Consent Considerations

In general, CGCIM will not engage in principal transactions with accounts of a retirement plan subject to ERISA unless approved by Carlyle's General Counsel, Chief Compliance Officer, and, if necessary, competent ERISA counsel.

Cross Trades that are Affiliate Transactions under the 1940 Act

The 1940 Act prohibits an investment vehicle or other entity deemed to be under the control of CGCIM or its affiliates (and therefore deemed to be an affiliate of CCIF, CAPM or CTAC or a close affiliate of the BDC for purposes of the 1940 Act affiliate transaction rules) from selling securities to or buying securities from a BDC or CCIF, CAPM or CTAC or a company controlled by the BDC, CCIF, CAPM, or CTAC, absent exemptive relief from the SEC or otherwise subject to an exemption under the 1940 Act. While the BDCs, CCIF, CAPM and CTAC generally do not engage in such affiliate transactions, CGCIM has established policies and procedures to comply with the 1940 Act affiliate transaction rules if and when such a transaction were to occur. Transfers of assets by CSL, in its role of CLO originator, to CDL CLO, a wholly-owned subsidiary of CSL, will not be subject to such restrictions pursuant to an exemption under the 1940 Act; however, such transfers will be approved by the CDL CLO's board of managers, including an approval by a majority of the independent directors of CSL as a designated manager of CDL CLO and approval of the CCO of CGCIM or designee. Similarly, as noted above, transfers of assets by CSL in the form of Capital Contributions to MMCF and MMCF II will not be subject to such restrictions pursuant to an exemption under the 1940 Act; however, such transfers will be approved by a majority of the independent directors of CSL, by a quorum of the board of managers of MMCF or MMCF II, as applicable, and the CCO of CGCIM or designee. Although affiliate transactions are not anticipated with respect to CGCIM's sub-advisory relationship with CAPM, similar procedures would apply.

Financial Interests in Advisory Client Recommendations

As described in more detail in Item 5 – "Fees and Compensation", in addition to management fees payable, incentive fees payable and carried interest allocable to CGCIM and its affiliates, with regards to certain Advisory Clients, CGCIM and its affiliates receive acquisition, monitoring, disposition and

certain other fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

CGCIM generally has a conflict of interest to the extent that it has an opportunity to earn such a fee in connection with investments by Advisory Clients. However, CGCIM believes that applicable management fee offset provisions described in Item 5 and the substantial equity commitment by CGCIM and its affiliates in Advisory Clients substantially mitigates this incentive. Any fees paid to CGCIM by a portfolio company or an Advisory Client are generally assessed on an arm's-length basis and generally on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party. Accordingly, the agreements pursuant to which such fees are paid typically are not required to be reviewed by the Investor Advisory Committee or the investors of the participating Advisory Clients. CGCIM's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to Carlyle, CGCIM, any affiliates or their professionals.

Further, CGCIM may recommend the securities or loan instruments of portfolio companies for acquisition by an Advisory Client where Carlyle, its affiliates (including a portfolio company of a different Advisory Client), or a Carlyle professional renders services to, engages in transactions with, or has a business relationship with (*i.e.*, board seat), and receives fees from, the portfolio company. See Item 17 for additional information regarding CGCIM's policies on voting on behalf of Advisory Clients, which include protocols on handling conflicts of interest (*e.g.*, when Advisory Clients or GCM are invested in different parts of the capital structure).

In addition, Advisory Clients, CGCIM or its affiliates may own equity interests in certain CLOs to which CGCIM, CIM or its affiliates provides advisory services pursuant to separate collateral management agreements. CGCIM's equity interests and contractual rights in these CLOs may give it voting rights on certain matters relevant to the funds. On matters involving retention of the collateral manager (CGCIM or its affiliates), CGCIM does not, and would not be expected to, have any voting rights. On other matters, CGCIM's voting interest could be significant enough to affect the outcome depending on the governance matter, especially matters that may require a super majority to effectuate a particular outcome, such as an early wind up of a fund, which, if blocked by CGCIM, would continue the collateral management arrangement and fees to CGCIM or a Carlyle affiliate. CGCIM expects that, as an equity owner, its economic interests would in most, if not all, cases align with the economic interests of other equity owners in a fund; however, the possibility exists that CGCIM could take a position on governance matters that would be adverse to other equity holders and indirectly, any noteholders in these particular CLOs. Should CGCIM's interests diverge from the interests of other equity owners, decisions on how to vote CGCIM's interest will be presented to Carlyle's Conflicts Committee, a committee comprising senior management to help manage conflicts of interest that may arise during the conduct of Carlyle's business, for review and resolution.

Participation of GCM in Advisory Client Transactions

As described in Items 5, 8 and 10, a GCM Provider manages or otherwise participates in underwriting syndicates and/or selling groups with respect to securities and debt instruments issued by portfolio companies, holding companies and other controlled or non-controlled entities in or through which Advisory Clients invest (including securities that are senior or junior within the capital structure of those held by Advisory Clients) or otherwise are involved in the public or private placement of securities or debt instruments issued by Advisory Clients or Carlyle portfolio companies and other controlled or non-

controlling entities in or through which an Advisory Client invests. A GCM Provider also provides capital markets advisory services to portfolio companies of Advisory Clients or other Carlyle portfolio companies and other controlled or non-controlling entities in or through which an Advisory Client invests, including in connection with mergers, acquisitions and restructurings; and will alone, or with other counterparties, which might include other Advisory Clients, third-party banks or other unaffiliated finance providers, provide acquisition financing, loans and services to such entities in addition to financing provided through an Advisory Client's investment. In addition, affiliated broker-dealers may arrange lines of credit for (i) portfolio companies and other controlled or non-controlled entities in or through which Advisory Clients invest; (ii) Advisory Clients; and (iii) other third parties. A GCM Provider also provide loans and lines of credit to such entities.

A GCM Provider may also provide investment banking, advisory and other services to affiliated or unaffiliated corporations, financial sponsors, management or other persons. Such services could relate to transactions that could give rise to investment opportunities that are suitable for Advisory Clients. In such case, the GCM Provider's particular client would typically require it to act exclusively on its behalf, thereby precluding Advisory Clients from participating in such investment opportunities. A GCM Provider would not be obligated to decline any such engagements in order to make an investment opportunity available to Advisory Clients. In addition, GCM could come into the possession of information through these new businesses that limits an Advisory Client's ability to engage in potential transactions. As described in Items 8 and 10, Carlyle has implemented information barrier policies to mitigate these risks.

Allocation of Investments

When allocating investment opportunities across Global Credit advisory clients, there could be differences in the financial structure of the Global Credit advisory clients potentially participating in the opportunity that could introduce an incentive for a particular investment team on behalf of CGCIM or another affiliated adviser to favor one Global Credit advisory client over another. In addition, there may be other investment vehicles, including advisory clients of CGCIM, CIM, Carlyle CLO, CBAM CLO, CSL III Advisor and GCM affiliates, who may also have the ability to participate in an investment opportunity.

The objective of Global Credit with respect to allocations of investment opportunities is to ensure that all advisory clients to which its investment teams provide investment advisory services, including Advisory Clients, are treated in a fair and equitable manner under the particular circumstances. Accordingly, CGCIM, CSL III Advisor, Carlyle CLO and CBAM CLO (relying advisers of CIM) have established allocation policies and procedures for Global Credit in an effort to ensure that investment opportunities are allocated among advisory clients, including Advisory Clients, and GCM affiliates, in a fair and equitable manner. These policies and procedures seek to provide consistent treatment, to the extent possible and consistent with legal, regulatory and contractual restrictions, of advisory clients within Global Credit that have similar investment objectives and guidelines. There can be no assurance that the application of these policies and procedures will result in fair or equivalent allocation of, or participation in, investment opportunities, or comparable performance of investments allocated to one advisory client as compared to another.

CGCIM, CSL III Advisor, Carlyle CLO and CBAM CLO advisory clients may vary substantially in size, investment objectives, risk tolerance, return targets, permissible asset classes, preferred asset

classes and liquidity requirements. At the same time, certain investment opportunities will be appropriate for multiple advisory clients (“Overlapping Opportunities”). More specifically, these allocation policies and procedures also require that investment allocations in negotiated co-investment transactions amongst advisory clients involving one or more 1940 Act Funds, including 1940 Act Funds managed by a Carlyle-affiliated investment adviser (e.g., AlpInvest), must also be in accordance with the terms and conditions of the Exemptive Relief. In addition, these allocation policies and procedures also require that investment allocations in non-negotiated co-investment transactions amongst advisory clients involving one or more 1940 Act Funds must comply with certain SEC no-action guidance regarding funds regulated under the 1940 Act investing alongside an affiliate (e.g., if the transaction involves no negotiation of terms other than price and certain other conditions are met). As described in detail in Item 11, every investment opportunity that falls within a 1940 Act Fund’s board-established criteria must be shown to that 1940 Act Fund. Although the 1940 Act Fund is not required to participate, if the investment opportunity is an Overlapping Opportunity, such requirements could introduce a potential conflict of interest between the 1940 Act Fund and advisory clients.

The primary allocation principles for each Global Credit advisory client are derived from respective prospectus, fund partnership or operating agreements and related side letters, offering memoranda, investment or collateral management agreements, limited liability company agreements, trust indentures or other charter documents (“Client Agreements”) that govern the investment programs for such advisory clients. These allocation parameters may include: investment objective or category, industry focus, geography, security or instrument type, diversification requirements, available commitments or liquidity, target investment size, applicable law and/or regulatory guidance. Subject to the foregoing investment parameters, the investment or credit committees have the discretion to construct what, in their business judgment, constitutes an appropriate investment portfolio for a Global Credit advisory client. As such, in determining what they believe to be an appropriate portfolio for a particular Global Credit advisory client, they may give consideration to factors in addition to those outlined above. After consideration of the various factors, it may not be desirable for a Global Credit advisory client to participate in an investment opportunity or acquire all or a portion of an investment opportunity.

In the case of Overlapping Opportunities, when the amount of the investment available to Global Credit advisory clients, including Advisory Clients, is less than the aggregate amount that Global Credit advisory clients desire to purchase, or if the Global Credit advisory clients are not permitted to make a joint investment, an allocation of such Overlapping Opportunities will generally be made in accordance with the allocation policies and procedures adopted and implemented by CGCIM, CSL III Advisers, Carlyle CLO and CBAM CLO. The terms of the Client Agreements with respect to certain Global Credit advisory clients require Carlyle CLO and CBAM CLO to allocate investment opportunities to such Global Credit advisory clients in priority to allocations to other vehicles. As a result, there will likely be circumstances where Overlapping Opportunities appropriate for Advisory Clients are allocated instead to such other U.S. structured credit advisory clients.

In addition, it is anticipated that there will be situations where a GCM Provider underwrites, originates and syndicates loans or securities in which Global Credit advisory clients may wish to invest. In such cases, a GCM Provider will only receive an allocation of a negotiated Overlapping Opportunity if the Global Credit advisory clients receive their full participation request.

Global Credit Allocation Committee. A Global Credit allocation committee (the “GCAC”) has been established to oversee the allocation of investment opportunities in accordance with the allocation

policies and procedures adopted by CGCIM and CSL III Advisers. The GCAC has established a Global Credit Screening Committee to review and assess potential investments, including potential suitable negotiated co-investments often in reliance on the Exemptive Relief. The Global Credit Screening Committee is authorized by the GCAC to, among other things, review allocations among 1940 Act Funds and other advisory clients investing primarily in middle market loans.

Co-Investments Involving 1940 Act Funds. A 1940 Act Fund, on the one hand, and its existing and future affiliated persons, including the other Advisory Clients, on the other hand, generally are required to rely on the Exemptive Relief to co-invest alongside each other in negotiated Overlapping Opportunities. In addition, a 1940 Act Fund may co-invest with funds managed by Carlyle, including Global Credit advisory clients, when the Overlapping Opportunity involves no negotiation of the terms of such transaction other than price and subject to certain other conditions. A 1940 Act Fund may also co-invest with any of its downstream affiliates pursuant to an exemption under rules promulgated under the 1940 Act.

Middle Market Loans. As a general rule, the 1940 Act Funds and other Advisory Clients that pursue a Direct Lending mandate are expected to be the primary investors in middle market loan investments. Overlapping Opportunities may occur across Advisory Clients, and to a lesser extent among Global Credit advisory clients. Pursuant to the Exemptive Relief, Overlapping Opportunities in middle market loans with attributes meeting certain board established investment criteria must be shown to the 1940 Act Funds. Any allocation and participation in a middle market loan by an Advisory Client must be in accordance with the Exemptive Relief or other regulatory guidance, as applicable. To the extent the aggregate “internal orders” by the Global Credit advisory clients, which are determined in accordance with the allocation policies and procedures, are less than the total investment opportunity, the GCM affiliates and/or another affiliated adviser may consider the Overlapping Opportunity for themselves or their advisory clients, as applicable, as appropriate and subject to the availability and conditions of the Exemptive Relief, if applicable.

Broadly Syndicated Loans. As a general rule, Carlyle CLO and CBAM CLO advisory clients and other Advisory Clients that pursue a Liquid Credit mandate are expected to be the primary investors are expected to be the primary investors in broadly syndicated loans. Overlapping Opportunities in the primary or secondary broadly syndicated loan market sourced by the U.S. Structured Credit platform first will be allocated across U.S. structured credit advisory clients in accordance with the Carlyle U.S. Structured Credit Allocation Policy, provided, however, that any negotiated Overlapping Opportunity in broadly syndicated loans with attributes meeting certain investment criteria must be shown to the 1940 Act Funds in accordance with the Exemptive Relief. When the amount of an Overlapping Opportunity that falls outside of such criteria exceeds the amount that the U.S. Structured Credit platform desires, CGCIM will be offered the Overlapping Opportunity for its Advisory Clients. While CGCIM is not often expected to source broadly syndicated opportunities, to the extent it does, such investment allocations are subject to review and approval by the GCAC or the Global Credit Screening Committee, as applicable.

Allocation of Investment Opportunities between CSL and CDL CLO

CDL CLO is a wholly-owned subsidiary of CSL and its initial loan portfolio consisted (i) primarily of investments then held by CSL (or TCG BDC SPV LLC, a wholly owned subsidiary of CSL) meeting discrete criteria set forth in the indenture, which CSL, as the CLO originator, transferred to CDL CLO

through a series of cross trades, and (ii) of new loans directly originated by CDL CLO. Following the initial portfolio construction of CDL CLO, new investments by CDL CLO are made in a similar manner in accordance with CGCIM's policies and procedures regarding cross trades (see the discussion above under "Cross Transactions"), however, Overlapping Opportunities involving the purchase of loans for CSL and/or CDL CLO generally will be allocated by CGCIM based on the amount of cash CDL CLO has available for reinvestment at the time an Overlapping Opportunity arises while taking into consideration discrete criteria set forth in the indenture.

Allocation of Investment Opportunities between MMCF, MMCF II and other CGCIM Advisory Clients

As noted above, during MMCF's investment period, CSL and its affiliates that are controlled, managed or advised by CGCIM, which include the Advisory Clients, will refer to MMCF all investment opportunities that meet certain criteria, as set forth in its limited liability company agreement. It is anticipated that certain investment opportunities that meet the criteria of MMCF's investment strategy will constitute Overlapping Opportunities. Subject to the regulatory restrictions discussed above⁹ and contractual obligations between CSL and MMCF, Overlapping Opportunities involving the purchase of loans by one or more Advisory Client, on the one hand, and MMCF, on the other hand, will be allocated in accordance with the requirements set forth in the Exemptive Relief, taking into account the size of the proposed investment and its anticipated yield.

MMCF Members may also seek to co-invest with MMCF. Provided that such co-investment opportunities fit within the allocation requirements described above, where demand from MMCF Members and MMCF is higher than the investment opportunity available, CSL will propose allocations to MMCF such that MMCF's allocation on any loan is never less than either MMCF Member's allocation unless approved by the MMCF Investment Committee.

Under its limited liability company agreement, MMCF II is expected to make only limited new investments. However, to the extent that MMCF II does seek to make such new investments, and such investments are in Overlapping Opportunities, such investments will also be allocated in accordance with the allocation policies and procedures adopted and implemented by CGCIM.

Possession of Material, Non-Public Information and other Trading Restrictions

Carlyle espouses a management philosophy of collaboration and information sharing among investment professionals to create a unified global network. Carlyle, its affiliates, and their professionals may come into contact with material, non-public information in connection with their activities for Carlyle, CGCIM, or their affiliates. Carlyle has established policies and procedures intended to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Under no circumstances may a professional trade in a security while in possession of material, non-public information about that security for his or her own account, the accounts of certain family members or the account of an Advisory Client. Further to this end, as

⁹ See Item 8 – "Co-Investments".

discussed in Item 8, Carlyle has implemented various information barriers to segregate the flow of material, non-public information and other confidential information between its business segments.

Other Potential Conflicts

The legal and/or organizational documents of an Advisory Client, the investment management agreement between CGCIM (or an affiliate) and the Advisory Client or the agreements in respect of the portfolio investments establish complex arrangements among the parties, including between investors and Advisory Clients. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to the situation. While CGCIM will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to an Advisory Client.

ITEM 12. BROKERAGE PRACTICES

Broker Selection

CGCIM has discretion to select brokers and dealers to execute transactions in securities and other instruments for Advisory Clients. CGCIM is obligated by law and under its investment advisory agreements and collateral management agreements to seek to obtain best executions for orders executed for Advisory Clients, taking into account quantitative and qualitative factors affecting the execution quality of portfolio transactions. In particular, CGCIM reviews factors, such as the experience of the broker or the dealer, its ability to handle the order to the best advantage of the Advisory Client, the nature of the investments to be bought or sold, special circumstances affecting the instrument (*e.g.*, redemption features), and the overall price of the order. As a result, although CGCIM will seek competitive commissions and spreads, it may not necessarily obtain the most competitive price/commission/spread for portfolio transactions.

From time to time, brokerage firms may provide services to CGCIM in addition to order execution. As discussed in Item 8, certain large investment banks that may act as service providers to CGCIM and its affiliates, Advisory Clients and Carlyle portfolio companies may also invest in an Advisory Client (directly, or by sponsoring a feeder fund).

From time to time, CGCIM selects brokers and dealers who are owned in part by an Advisory Client to execute transactions in securities and other instruments for another Advisory Client. Certain other Advisory Clients, CGCIM affiliates or affiliated investment advisers may utilize an affiliate for execution of transactions in securities and other instruments, or other investment-related services. In addition, please see "Affiliated Broker-Dealers" in Item 10 above with respect to conflicts involved in the selection of a broker-dealer affiliated with CGCIM.

Portfolio trades of certain CGCIM investment vehicles can be expected to generate commissions, mark-ups/mark-downs, and other transaction charges that each Advisory Client is responsible for paying. CGCIM has complete discretion in deciding the brokers and dealers to execute Advisory Client

transactions and the fees that will be paid to selected broker-dealers for their services. CGCIM seeks to obtain best execution of Advisory Client transactions based on a number of factors that include net price for the order, experience of the broker-dealer, order handling ability (particularly block orders), and the nature of the investments to be bought or sold. From time to time, CGCIM engages in transactions with broker-dealers that also have other dealings with Carlyle or its affiliates, including investor referrals and investments in Advisory Clients. Such business relationships could present a potential conflict of interest for CGCIM. However, CGCIM maintains approved broker-dealer lists and the Global Credit Compliance and Regulatory Committee meets periodically to review and analyze trades executed by approved broker-dealers as part of its requirement to seek best execution for its respective Advisory Client transactions.

When CGCIM engages in a market transaction on behalf of an Advisory Client through a broker-dealer, it will seek best execution of such transaction and the Global Credit Compliance and Regulatory Committee will monitor the quality of execution of transactions. To the extent such broker-dealers or similar service providers (*e.g.*, sponsors, agents) provide additional services, including conferences or seminars, all such activity must be in accordance with the gifts and entertainment policy set forth in the Code of Conduct. The Global Credit Compliance and Regulatory Committee will assess the types of products and services that are provided (whether solicited or unsolicited) to determine whether they are in accordance with applicable law and the safe harbor of Section 28(e) of the Exchange Act, where applicable, appropriate under the circumstances, and whether the provision of such products and services had any effect on the net price to the Advisory Client. In assessing the quality of execution for Advisory Client transactions, the Global Credit Compliance and Regulatory Committee will consider the full range of services available from and the characteristics of each broker-dealer, including, but not limited to execution capabilities, responsiveness, trading experience, reputation and integrity, overall reliability, and access to underwritten offerings and secondary market trades.

By their nature, the BDCs and other direct lending Advisor Clients generally do not engage in market transactions and therefore CGCIM does not utilize brokerage services on an ongoing basis in connection with its advisory services for the BDCs and other direct lending Advisory Clients.

CGCIM does not currently participate in any soft dollar relationships with brokers for research or any other service.

From time to time, Global Credit will engage in transactions with broker-dealers that also have other dealings with Carlyle or its affiliates, including investor referrals and investments in Advisory Clients. Such business relationships could present a potential conflict of interest for CGCIM. However, Global Credit performs an analysis and review of each broker-dealer's trading and execution capabilities as part of its requirement to seek best execution. That analysis and review is presented to the Global Credit Compliance and Regulatory Committee for assessment. In the context of investment activity outside of these groups, CGCIM periodically reviews its relationships and levels of business allocated to key service providers, especially investment banks.

Bunching or Aggregating Trades

CGCIM may aggregate its Advisory Clients' trades if CGCIM believes that aggregation benefits the Advisory Clients and is consistent with CGCIM's obligation to seek best execution. CGCIM is not obligated to aggregate Advisory Client trades, however, and there may be reasons, such as Advisory

Client specifications or logistics of the trade itself, where aggregation is not possible. In such situations, the inability to aggregate the trade could result in an increase in transaction costs for the Advisory Client.

CGCIM may trade the same instruments for multiple Advisory Clients with a particular broker throughout the day. Where possible, the price at which that particular broker handles these multiple orders generally will be averaged among the multiple Advisory Client accounts during a trading day. Trades with a particular broker that occur in the same instruments for multiple Advisory Clients on the same day may be averaged across multiple Advisory Client accounts if determined by CGCIM to be fair, reasonable and appropriate under the circumstances. All exceptions to CGCIM's policy on the aggregation of trades must be approved by Carlyle's Chief Compliance Officer or designee.

As noted above in Item 11, the SEC granted CGCIM, the BDCs, and CTAC, as well as other existing and funds advised by CGCIM Exemptive Relief to co-invest in suitable investments, subject to certain terms and conditions in the Exemptive Relief. These conditions require, among other things, that the terms, conditions, price, class of securities or instruments to be purchased, settlement date, and registration rights will be the same for each co-investing Advisory Client.

Trade Errors

Carlyle seeks to detect and correct trade errors. Should a trade error occur and be detected before the trade has been settled in the Advisory Client account, Carlyle will reverse the trade or reallocate, as necessary and appropriate. In any event, the Advisory Client account will be made whole (put in a position as if the error had not been made), with Carlyle absorbing any loss, where Carlyle's conduct does not meet the standard for exculpation set forth in the governing documentation for the relevant Advisory Client(s), and not in other cases. Advisory Clients regulated under the 1940 Act will be made whole with Carlyle absorbing losses any time a trade error cannot be reversed or reallocated.

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

The portfolio investments of certain Advisory Clients are regularly reviewed by a team of investment professionals. Depending on the Advisory Client, the team generally includes principal executive officers of CGCIM, certain Carlyle Managing Directors and other investment professionals. These professionals monitor operations, overall performance, financial performance, and strategic direction of the investments owned by the Advisory Clients.

The specific parameters relating to the oversight and monitoring of the portfolio investments of the Advisory Clients for which there is shared oversight (*i.e.*, joint ventures) are set forth in the related offering or other governing documents.

The portfolio investments of the Advisory Clients are monitored by professionals of CGCIM under an organizational structure deemed appropriate to provide oversight. The portfolio assets are reviewed and monitored consistent with trading guidelines and events in the capital markets.

Reports to Advisory Clients and Investors

Investors in Advisory Clients typically receive quarterly financial reports and audited annual reports. Investors have the ability to access these reports via a password-protected website. Each of the Global Credit advisory clients is required to fulfill reporting obligations to investors based on the terms and conditions of the particular Advisory Client organizational documents (or investment management agreement in the case of a separately managed account). Certain of the Global Credit advisory clients deliver annual audited financial statements to investors. Depending on the particular Advisory Client, investors may receive monthly reports or letters, quarterly financial and capital account statements. Reports to separately managed account Advisory Clients are based on the terms of the particular investment management agreement.

Certain investors are expected to have the right to obtain information relating to an Advisory Client. Accordingly, such investors may possess information regarding the business and affairs of an Advisory Client that may not be known to other investors. As a result, certain investors will be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

For new Advisory Clients, a copy of this Brochure is delivered prior to or at the time of entering into an advisory contract. Existing investors are notified electronically when updates to this Brochure are available for their review, and a copy is posted to the respective investor reporting site.

BDCs, CCIF and CTAC

Quarterly financial reports and audited annual reports of the BDC Advisory Clients, CCIF and CTAC are made available to investors on the SEC's website at <http://www.sec.gov/edgar/searchedgar/companysearch.html> (type in the appropriate Advisory Client name in the "Company Name" field and then select). BDC investors have the ability to access their account statements via a password-protected website.

CLO Advisory Clients

Monthly Trustee reports are made available to CLO Advisory Client investors. Investors have the ability to access these reports via a password-protected website.

MMCF and MMCF II

MMCF each provide quarterly unaudited financial statements, holding reports and capital account statements to each respective MMCF Member. MMCF and MMCF II will each also provide audited annual reports and annual tax reporting to each applicable MMCF Member.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

As described in more detail in Item 5 – "Fees and Compensation", in addition to management fees payable, incentive fees and carried interest allocable to CGCIM and its affiliates, CGCIM and its affiliates are expected to receive acquisition, monitoring, disposition and certain fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

CGCIM and its affiliates have and may in the future enter into cash compensation arrangements with its affiliated broker-dealers, including TCG Capital Markets and affiliates, through TCG Securities, unaffiliated placement agents or third parties for introducing investors to CGCIM in respect of an Advisory Client.

In accordance with CGCIM's policies, no investor will bear any portion of any fee paid to any third-party solicitor with respect to such investment (whether in the form of higher management fees or other types of fees) without the consent of Carlyle's General Counsel and Carlyle's Head of Investor Relations.

ITEM 15. CUSTODY

CGCIM uses unaffiliated, qualified, third-party custodians to hold the assets of its Advisory Clients for which it has custody in a manner that it believes complies with SEC standards and guidance. For example, these qualified custodians maintain the client assets in a manner that segregates them from assets of other clients of the custodian.

CGCIM is deemed to have custody of the underlying assets of certain of its Advisory Clients. In addition to holding client assets with an unaffiliated, qualified, third-party custodian, these client assets (where CGCIM is deemed to have custody) are generally also subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board ("PCAOB"), and the audited financial statements are then provided to the underlying investors of these Advisory Clients within 120 days (or 180 days, as applicable) of the end of the fiscal year. For Advisory Client assets that are pooled investment vehicles (and subject to such financial audits and reporting delivery qualifications), CGCIM relies on an exception from the notification, account statement delivery obligations, and is deemed compliant with the surprise audit obligations imposed by the SEC's custody rule. For Advisory Client assets that are BDCs, CGCIM relies on an exception available to "registered investment companies", which mandates compliance with the custody requirements of the 1940 Act, including utilizing banks or broker-dealers as custodians as prescribed under Section 17(f) of the 1940 Act.

To the extent that CGCIM is deemed to have custody of the underlying assets of an Advisory Client that is not deemed to be a "pooled investment vehicle" or a "registered investment company", CGCIM would engage a PCAOB major accounting firm to subject such assets to a surprise audit and requests requisite reporting to the Advisory Client. Such Advisory Clients may also have a statutory obligation to perform a year-end audit.

ITEM 16. INVESTMENT DISCRETION

Typically, CGCIM provides investment advice to all its Advisory Clients on a discretionary basis. For Advisory Clients advised on a discretionary basis, CGCIM typically has the authority to determine the instruments to be bought and sold without obtaining Advisory Client consent to specific transactions. CGCIM is also authorized to determine the broker or dealer to be used for each transaction for its Advisory Clients. Certain investments require the approval of the respective Advisory Client investment committee.

When making investments, CGCIM observes the investment policies, limitations and restrictions of the Advisory Clients. For the BDCs, CCIF, CAPM and CTAC, CGCIM's authority to trade instruments

may also be limited by certain federal securities and tax laws that require diversification of investments, limit leverage, prohibit certain joint and principal transactions and favor the holding of investments once made.

All investments, regardless of type, made by direct lending and CLO Advisory Clients must receive approval of the Direct Lending Investment Committee. This process assists in ensuring that investments are compliant with the various legal, tax, and other investment policies, limitations and restrictions in effect for each Advisory Client making an investment.

CGCIM provides investment advisory services with respect to MMCF and MMCF II on a non-discretionary basis. As noted in Item 4, the CGCIM personnel associated with MMCF and MMCF II cannot unilaterally effect any investment decision without the approval of at least one non-Carlyle representative of the MMCF Investment Committee or one non-Carlyle representative of the MMCF II board, respectively.

ITEM 17. VOTING CLIENT SECURITIES

Because CGCIM has, or will accept, authority to vote public company securities and other debt instruments (*e.g.*, loans) held by an Advisory Client, it has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that it believes are reasonably designed to comply with the requirements of the Advisers Act. The Proxy Voting Policies and Procedures reflect CGCIM’s commitment to vote such instruments in a manner consistent with the best interests of the Advisory Clients.

Under the Proxy Voting Policies and Procedures, unless faced with a conflict of interest between or among Advisory Clients, CGCIM will vote proxies in a manner that serves the best interest of its Advisory Clients, as determined by CGCIM in its discretion, taking into account relevant factors, including (i) the impact on the value of the securities owned by the Advisory Client and the returns on those securities; (ii) alignment of portfolio company management’s interest with the Advisory Client’s interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between the Advisory Client and the portfolio companies in which it invests, including the continued or increased availability of portfolio information; (iv) industry business and practices; and (v) the requirements imposed on CGCIM in the Advisory Client governing documents.

CGCIM reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Advisory Client. As a result, depending on the Advisory Client’s particular circumstances, CGCIM may vote one Advisory Client’s instruments differently than it votes those of another Advisory Client, or may vote differently on various proposals, even though the instruments or proposals are similar (or identical). In some instances, CGCIM may determine that it is in the Advisory Client’s best interest for CGCIM to “abstain” from voting or not to vote at all, and will do so accordingly.

At times, conflicts may arise between the interest of an Advisory Client, on the one hand, and the interest of either another Advisory Client of CGCIM or its affiliates on the other hand in consideration of a proxy vote. To address such potential conflicts, CGCIM follows the procedures outlined in the Proxy Voting Policies and Procedures, which include the potential involvement of Carlyle’s General Counsel, the Carlyle Global Chief Compliance Officer and/or the Carlyle Conflicts Committee, a committee

comprising Carlyle senior management to help manage conflicts of interest that may arise including during the conduct of CGCIM's business. The Proxy Voting Policies and Procedures require that in all situations involving a potential conflict between two Advisory Clients, the vote will be made without regard to CGCIM's actual or anticipated compensation. In general, the requirements set forth in each relevant Advisory Client's investment advisory or organizational agreements or investment objectives, policies and procedures will be followed.

To ensure that the vote is not the product of a conflict of interest, CGCIM will require that: (1) anyone involved in the decision-making process disclose to CGCIM's investment committee, 1940 Act Fund independent directors/trustees as applicable, any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) personnel involved in the decision-making process or vote administration are prohibited from revealing how CGCIM intends to vote on a proposal in order to reduce any attempted influence from interested parties. CGCIM is not authorized to vote on behalf of MMCF or MMCF II.

Information about how CGCIM voted proxies is available upon written request for proxy voting information to: Carlyle Global Credit Investment Management L.L.C., One Vanderbilt Avenue, Suite 3400, New York, NY 10017, Attn: Investor Relations.

ITEM 18. FINANCIAL INFORMATION

At this time, CGCIM is not aware of any financial condition that is reasonably likely to impair CGCIM's ability to meet its contractual obligations to its clients. CGCIM has not been the subject of any bankruptcy petitions, including in the past ten years.

Additional financial information is also available in current public filings with the SEC for the Public Company (see ir.carlyle.com).

ITEM 19. REQUIREMENTS FOR STATE REGISTERED ADVISERS

This item is not applicable as the Adviser is not registered in any state.