

Carlyle Aviation Securities

PARTNERS

Item 01. Cover Page

Form ADV Part 2A Brochure: Carlyle Aviation Securities Partners LLC

848 Brickell Avenue, Suite 405

Miami, FL 33131

www.casp.aero

March 30, 2024

This Brochure provides information about the qualifications and business practices of Carlyle Aviation Securities Partners LLC (the “**Investment Adviser**” or “**CASP**”). If you have any questions about the contents of this Brochure, please contact us at (305) 504-8777 or operations@casp.aero. 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 the Investment Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov (click on “Investment Adviser Search” then select “Firm” and type in our advisory firm’s name, “Carlyle Aviation Securities Partners”).

CASP is an investment adviser registered with the SEC; this registration does not imply a certain level of skill or training.

Item 02. Material Changes

This Brochure is intended to provide potential and existing clients with an overview of the Investment Adviser. It also contains important disclosures regarding items such as certain practices of the Investment Adviser, 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 the Investment Adviser's Brochure since the annual update filed March 31, 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 The Carlyle Group, Inc. ("**Carlyle**" or the "**Public Company**") (Nasdaq: CG). Mr. Clare ceased serving as an executive officer and stepped down from his role as a member of the Carlyle Board, 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. Mr. Redett succeeds Curt 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 July 18, 2023, Carlyle announced that Lúcia Soares would become 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 January 17, 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 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 March 27, 2024, Carlyle announced that Lindsay LoBue would 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.

Item 03. Table of Contents

Item 01. Cover Page.....	1
Item 02. Material Changes.....	2
Item 03. Table of Contents.....	3
Item 04. Advisory Business	4
Item 05. Fees and Compensation	8
Item 06. Performance-Based Fees and Side-By-Side Management	11
Item 07. Types of Clients.....	12
Item 08. Methods of Analysis, Investment Strategies and Risk of Loss.....	13
Item 09. Disciplinary Information	37
Item 10. Other Financial Industry Activities and Affiliations	38
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	41
Item 12. Brokerage Practices	46
Item 13. Review of Accounts.....	49
Item 14. Client Referrals and Other Compensation	50
Item 15. Custody	51
Item 16. Investment Discretion.....	52
Item 17. Voting Client Securities.....	53
Item 18. Financial Information	54
Item 19. Requirements for State Registered Advisers	55

Item 04. Advisory Business

Carlyle Aviation Securities Partners LLC

Founded in 2013, Carlyle Aviation Securities Partners LLC (together with its affiliated entities as described below, “**Carlyle Aviation Partners**” or “**Carlyle Aviation**”) provides investment advisory services with respect to certain products, including private funds and separately managed accounts (each an “**Advisory Client**”¹).

CASP is a Delaware limited liability company and wholly owned subsidiary of Carlyle Aviation Partners Ltd., a Bermuda holding company, which also owns, directly or indirectly, Carlyle Aviation Management Limited (“**CAML**”), Carlyle Aviation Fund Management, LLC (“**CAFM**”), Carlyle Aviation Fund Management II LLC (“**CAFM II**”) and Carlyle Aviation PDP Management LLC (“**CAPDP**”).

CAPDP is an SEC-registered investment adviser that provides investment sub-advisory services to a private investment fund focused on certain loan transactions. CAFM, CAFM II, and CAML serve as “relying advisers” under the umbrella registration of CAPDP. Collectively, these entities operate a single advisory business and are referred to herein as Carlyle Aviation.

The Carlyle Group Inc.

Various entities affiliated with The Carlyle Group Inc., an affiliate of the Investment Adviser, directly and indirectly own and control Carlyle Aviation. 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, at the specified effective time on January 1, 2020, each common unit of The Carlyle Group L.P. outstanding immediately prior to the effective time converted into one share of common stock, par value \$0.01 per share (“**Common Stock**”), of the Public Company and each special voting unit and general partner unit was cancelled 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

¹ “Advisory Client” means any fund, pooled investment vehicle, or account for which the Investment Adviser directly or indirectly provides investment advice and/or places trades on a discretionary or nondiscretionary basis. 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 Carlyle Group Inc.

Management L.L.C. held voting power for approximately 41% of Common Stock. The Investment Adviser does not hold any economic interest in the Public Company, although some of its officers 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 the Public Company 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 Carlyle 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 the Investment Adviser do not include the Public Company or any of the Public Company's other affiliated entities.

Advisory Services, Investment Strategies, and Types of Investments

This Brochure generally includes information about us and our relationships with our Advisory Clients. While much of this Brochure applies to all such Advisory Clients, certain information included herein applies to specific Advisory Clients only.

The Investment Adviser provides, with discretionary trading authority, investment advisory services to Aviation Income Return (AIR) Fund (the “**Fund**”), the securities of which are offered to investors on a private placement basis. The Fund is comprised of the following:

- Aviation Income Return (AIR) Japanese Unit Trust, a Cayman Islands unit trust; and
- Aviation Income Return (AIR) Offshore Fund Ltd., a Cayman Islands exempted company, which serves as the master fund into which Aviation Income Return (AIR) Japanese Unit Trust invests substantially all of its assets through a “master feeder” structure.

The Investment Adviser serves as the manager, with discretionary trading authority, of a separately managed account that is owned by an institutional investor.

The Investment Adviser also provides, with non-discretionary trading authority, investment advisory services to Structured Asset Loan Specialized for Aviation (“**SALSA**”) accounts. The Investment Adviser's responsibilities related to SALSA accounts include arranging for certain Japanese institutional Advisory Clients to purchase aviation-related securities from non-affiliated broker dealers and providing ongoing reports on those transactions. The last SALSA transaction was executed in 2016 and we continue to provide ongoing supervision and reporting to SALSA investors.

From time to time, the Investment Adviser may also serve as an arranger with respect to loans from institutional investors to finance the acquisition of commercial aircraft by airlines. Our responsibilities related to the loan arranging services include arranging loans exclusively; the loans are not reflected in assets under management as we do not provide continuous and regular

supervisory or management services with respect to the arranged loans. These loan arrangement services are provided on an opportunistic basis and are not expected to be a core component of the Investment Adviser's business. The Investment Adviser last arranged a loan in 2019.

Generally, the Investment Adviser focuses its investment strategy on sourcing, buying, trading, and managing aviation-related securities and understanding their structures. We also seek to identify and exploit market inefficiencies and trading opportunities. An Advisory Client's investments may include several types of aviation, aerospace, and general macro-economic benchmark securities, including fixed income instruments, particularly equipment trust certificates ("ETCs"), enhanced equipment trust certificates ("EETCs"), and asset-backed securities ("ABS"). Forward contracts are used for currency hedging purposes. Investment strategies include the following:

- *Investment Grade Trading.* This strategy focuses on mid to high grade fixed income securities, issued or backed by companies and assets in the aviation sector. These securities include ETCs, EETCs and ABS, backed by high quality assets, with credit ratings are equal to or higher than Baa3 by Moody's or BBB- by S&P or Fitch.
- *High Yield Trading.* This strategy focuses on high yield fixed income instruments issued or backed by companies and assets, including ETCs, EETCs and ABS, with credit ratings below Baa3 as rated by Moody's or BBB- as rated by S&P or Fitch.
- *Currency and Rates.* This strategy seeks to minimize the impact of currency fluctuations for investors that subscribe in non-U.S. dollar classes by participating in the global currency markets through the hedge trading of spot and forward contracts on currencies.
- *Event Oriented Strategies.* This strategy seeks to capitalize on announced and anticipated events that are expected to impact the price of a certain instrument. Such events may include company specific mergers, acquisitions, restructurings, liquidations, bankruptcies, grounding of fleets, as well as macro-economic events such as interest rate movements, economic indicator announcements, political unrest, and terror attacks. Following a detailed analysis of an event or potential event, we may structure transactions designed to capitalize on the anticipated price movement.

* * *

As set forth in this Brochure, the descriptions of any specific advisory services offered to our Advisory Clients and any investment strategies pursued or investments made on behalf of the Investment Adviser's Advisory Clients should not be understood to limit our investment activities in any way. The Investment Adviser reserves the right to offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Advisory Client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Advisory Client will be achieved.

Our investment decisions and advice with respect to each Advisory Client are subject to each

Advisory Client's investment objectives and guidelines, as set forth in its respective offering documents or, in the case of a separate account, the investment management agreement.

The Investment Adviser, in its role as investment adviser to the Fund, from time to time agrees to supplements, clarifications, or variations of the terms of an Advisory Client's offering, subscription or organizational documents in "side letters" or similar agreements that vary rights or privileges among investors in each Fund.

The Investment Adviser also provides investment advisory services with respect to certain separately managed accounts. Certain such other managed accounts and the Fund have investment objectives or implement investment strategies that are substantially similar to each other. Accordingly, these Advisory Clients (including any entities or accounts managed by the Investment Adviser or their respective members, principals, employees, or affiliates) are generally expected to invest in many of the same instruments.

As of December 31, 2023, the Investment Adviser managed approximately \$1,100.3 million of regulatory assets under management on a discretionary basis. As of December 31, 2023, the Investment Adviser also managed approximately \$32.6 million of regulatory assets under management on a non-discretionary basis.

Item 05. Fees and Compensation

The following provides a general description of the most common management fees, performance-based fees or allocations, fund expenses, and fee waivers applicable to the Advisory Clients. With respect to any such Advisory Client, while the description below is generally applicable, fees and expenses vary, and the Advisory Client or its investors should review the applicable governing documents for further information.

Management Fees and Performance-Based Fees

The fees applicable to the Fund are set forth in detail in the Fund's offering documents. Prospective investors are therefore urged to carefully review the offering documents and to raise any questions with us.

The precise amount of, and the manner and calculation of, the management fees for the Fund is disclosed in the organizational and offering documents of the Fund. The Fund is charged an annual management fee, payable monthly, that is calculated as a percentage of net asset value ("**Management Fees**").

Certain classes of the Fund are subject to an incentive allocation, which is subject to hurdle rates that vary from across the unit classes of the Fund ("**Performance Compensation**"). Performance Compensation is typically paid when an investment is realized (*i.e.*, an investor redemption from the Fund) or on an annual basis in accordance with the Fund's governing documents.

The managed account that is owned by an institutional investor is subject to Management Fees, payable quarterly, that are calculated as a percentage of the account's average daily market value.

The SALSA accounts are subject to information provider fees that vary from account to account. The information provider fees are based on the notional value of the underlying security in the SALSA account and are paid at the time that the security held in the SALSA account pays coupon interest.

For the Fund, fees and compensation paid to the Investment Adviser are generally deducted from the assets on a monthly basis and Performance Compensation is generally deducted on an annual basis or at such a time that an investor redeems their interest in the Fund. For the managed accounts (discretionary and non-discretionary), fees are paid by the Advisory Client directly as we do not have custody of such assets. For loans that are arranged by the Investment Adviser, loan arranger fees are paid by the borrower at the time that the loan is arranged.

Additional Fees and Expenses

In general, each Advisory Client bears its own expenses, including, without limitation, the Management Fee; the Performance Compensation (if applicable); investment expenses, whether or not such investments are consummated (such as brokerage commissions or mark-ups/mark-downs (discussed in Item 12 below), expenses relating to clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel and accommodation expenses (which are travel expenses related to the purchase, sale or transmittal of, or due diligence regarding, the Advisory Client's investments, whether or not such investments are consummated,

incurred by the Investment Adviser); professional fees, costs and expenses (including, without limitation, expenses incurred by or owed to consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses associated with the board of directors of the Fund; registered office expenses of the Fund; fees and expenses relating to software tools, programs or other technology utilized in managing the Advisory Client (including, without limitation, software for monitoring risk, certain types of compliance (to the extent permitted by applicable law) and the overall portfolio; third-party software licensing; implementation; cybersecurity, data management and recovery services; and custom development costs); sector or industry research and market data (including, without limitation, any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); deal sourcing and industry research subscriptions; order management systems; administrative expenses (including, without limitation, fees and expenses of the Advisory Client's administrators or similar service providers that perform anti-money laundering or "know-your-customer" diligence in connection with the onboarding and ongoing participation of investors in an Advisory Client as well as the cost of effecting transfers of interests in Advisory Clients by investors); the cost of directors and officers, including errors and omissions liability insurance for the directors, the Investment Adviser and the Fund (as applicable); legal fees and related expenses; external accounting and valuation expenses (including, without limitation, the cost of accounting software packages); audit and tax preparation expenses; fees of the members of the board of directors of the Advisory Client who are not associated with the Investment Adviser; costs of providing electronic access to Advisory Client reports and information and printing and mailing reports and notices; entity-level taxes; corporate licensing; regulatory expenses (including, without limitation, filing preparation and fees, including for filings required to be made by the Investment Adviser on behalf of its Advisory Clients), to the extent permitted by applicable law; organizational expenses (including expenses related to the negotiation, drafting, amendment, and tracking of side letters and similar agreements with investors as well as any "most-favored-nations" elections related thereto); expenses incurred, if any, in connection with or relating to the offering and sale of securities of the Advisory Client and other similar expenses related to the Advisory Client (other than any fees payable to any placement agent, which will be paid by the Investment Adviser indirectly by reducing the Management Fees owed to the Investment Adviser); indemnification expenses; and extraordinary expenses.

The Investment Adviser seeks to allocate expenses fairly, equitably, and consistently with the documents governing the Investment Adviser's relationship with each Advisory Client. When allocating expenses, the Investment Adviser must interpret the governing documentation of each Fund and the managed account(s) and make determinations whether expenses are allocated and paid, in full or in part, by the Fund, managed account(s) and/or the Investment Adviser, which creates a conflict of interest. The Investment Adviser has implemented written policies, procedures, and guidelines that are reasonably designed to mitigate conflicts of interest.

Additional Compensation and Conflicts of Interest

Neither the Investment Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

From time to time, the Investment Adviser arranges loans from institutional investors to finance the acquisition of commercial aircraft by airlines. The Investment Adviser earns a fixed fee, which

is typically based on the size of the loan, for arranging loans. The Investment Adviser is also permitted to arrange loans to airlines that are issuers of securities that are held by the Fund and other discretionary and non-discretionary Advisory Clients of the Investment Adviser. The Investment Adviser could be incentivized to manage portfolios on behalf of Advisory Clients in a manner that is intended to be viewed favorably by the prospective loan borrower. For example, the Investment Adviser is incentivized to purchase securities that it would otherwise not purchase or hold securities that it would otherwise sell. This risk is partially mitigated by the risk frameworks that apply to discretionary Advisory Clients that prescribe various risk limitations on types of investments that can be traded on behalf of an Advisory Client's mandate.

Item 06. Performance-Based Fees and Side-By-Side Management

We and our affiliates accept performance-based compensation from certain Advisory Clients, while other Advisory Clients are assessed Management Fees only. As a result, we face certain conflicts of interest when we have incentive to favor Advisory Clients with higher potential performance-based compensation over Advisory Clients that are not subject to performance-based compensation. Additionally, performance-based compensation creates an incentive for us to make riskier or more speculative investments on behalf of an Advisory Client than would be the case in the absence of such compensation. We seek to manage and mitigate these conflicts by reviewing the opportunities appropriate for a specific Advisory Client platform and the performance of each Advisory Client in an effort to detect unusual allocations and performance.

Performance-based fees are subject to regulation under Section 205 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), and Rule 205-3 thereunder. Therefore, the Investment Adviser seeks to ensure that any applicable Advisory Client or investors in the Fund that are directly or indirectly assessed performance fees satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees and their risks.

Item 07. Types of Clients

The Investment Adviser provides investment advice to the Fund, serves as the manager of separately managed account that is owned by an institutional investor and provides ongoing reporting to SALSA investors as described in Item 04 above. From time to time, the Investment Adviser may also arrange loans from institutional investors directly to the purchasers of commercial aircraft.

The Advisory Clients' interests are generally offered and sold only to investors that are (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended (the "**Securities Act**"), and (ii) "qualified purchasers" as defined in Section 2(a)(51)(A) of the 1940 Act, or other "knowledgeable employees."

Item 08. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services offered to Advisory Clients and any investment strategies pursued or investments made by the Investment Adviser on behalf of Advisory Clients should not be understood to limit in any way its investment activities. The Investment Adviser reserves the right to offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that it considers appropriate, subject to each Advisory Client's investment objectives and guidelines. The investment strategies that the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. No guarantee or representation is made that any Advisory Client's investment program, including, without limitation, an Advisory Client's investment objective, targeted returns, diversification strategies or risk monitoring goals will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

The Investment Adviser specializes in sourcing, buying, trading, and managing aviation-related securities and understanding their structures. We believe that there are investment opportunities due to the cyclical nature of the aviation industry and the spreads that these instruments have typically demonstrated in comparison to corporate bonds with similar ratings and tenor.

The Investment Adviser seeks to identify and capitalize upon market inefficiencies and trading opportunities. We believe we can achieve this by applying our understanding of aviation asset values and knowledge of business cycles within the aviation industry.

In general, our objective is to achieve superior risk-adjusted returns on an ongoing basis through the adoption of a multi-step approach to selecting and actively managing the securities for an Advisory Client's portfolio. In pursuing this investment objective, we expect to allocate risk capacity to investment strategies based on our view of existing and potential investment opportunities in the aviation-related securities industry. Prior to investing in specific securities, we perform initial asset and credit analyses to research the issuer credit, underlying asset values and security structure, where applicable. We employ several risk controls designed to limit an Advisory Client's exposure to specified risks.

Investments are focused on aviation, aerospace, and general macro-economic benchmark securities, including fixed income instruments such as ETCs, EETCs, ABS and government debt. Forward contracts are used for currency hedging purposes. Investments in financial instruments can be made both on exchanges and over-the-counter or through private placements.

In the view of the Investment Adviser, primary risks to be considered in the management of an Advisory Client's investment portfolio include: (i) market risk, such as political and regulatory risk and credit market availability risk; (ii) individual position or security risk, such as credit risk of borrowers or lessees, liquidity risk, counterparty risk, correlation and sensitivity risk; (iii) portfolio risk, such as correlation and sensitivity risk, company and asset concentration risk and liquidity risk; (iv) industry specific risk, such as macro and micro level risks; and (v) global

economic risk, such as macro and micro level risks. The risks identified herein are examples of some, but not all, possible risks.

The Investment Adviser seeks to manage portfolio risks through the routine assessment of risks associated with each investment and in the context of Advisory Client investment portfolios as a whole. Generally, the Investment Adviser monitors investments by gathering real-time data related to market movements, borrower financial health, and other market intelligence.

Investment Risks

An investment in an 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 Investment Adviser and/or their respective affiliates encounter conflicts of interest in connection with such Advisory Client.

Prior to making an 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.

No Assurance of Investment Return

An investment in an Advisory Client provides no certainty of return. The Investment Adviser cannot provide any assurance whatsoever that it will be able to choose, make and realize investments 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. Accordingly, an investment in an Advisory Client should only be considered by persons for whom a speculative 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 the Investment Adviser or its Advisory Clients provide 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.**

Aviation Industry Risks

The aviation industry, including the aircraft leasing market, is affected by general business, geopolitical and economic conditions, including increased fuel prices, geopolitical conflicts and/or terrorist attacks, economic sanctions, economic conditions affecting international trade and lessee operations, shipping channel constraints and disruptions, increases in inflation and interest rates, access to the capital markets, changes in the regulatory environment and epidemic diseases. The

occurrence of any such event may have an adverse effect on the performance of the strategies pursued by the Investment Adviser.

Russia-Ukraine War

See also “Ongoing Turmoil in the U.S. and Global Financial Markets” *disclosure*.

Global geopolitical conflicts, including the war between Russia and Ukraine and the conflicts in the Middle East, could lead to significant economic downturns and market and other disruptions, including, but not limited to: volatility in the capital markets, economic instability, increases in inflation, increased fuel prices, shipping channel constraints and disruptions, supply chain issues, political and social instability, economic sanctions and changes in consumer or purchaser preferences, all of which may adversely impact Advisory Client investments and the aviation industry as a whole, especially if the conflicts occur in areas in which Advisory Client investments are significantly concentrated. Any new or existing geopolitical conflicts could also exacerbate elevated prices of energy commodities, leading to increased fuel costs, rising inflation and dampened consumer demand for travel. New or existing sanctions and retaliatory actions taken as a result of geopolitical conflicts also have the potential to cause the trend toward globalization to reverse, which could have an adverse effect on the aviation industry and the investments held in Advisory Client portfolios.

In addition, existing sanctions and new sanctions that may be imposed on states and actors causing or involved in the hostilities may impact where airlines can place and deliver aircraft or the ability of lessees to operate aircraft in certain jurisdictions. For example, in early 2022, in connection with the Russia and Ukraine conflict, the United States, United Kingdom (UK), European Union (EU), and other jurisdictions imposed economic sanctions and export controls against certain industry sectors and parties in Russia. These sanctions include closure of airspace for aircraft operated by Russian airlines, bans on the leasing or sale of aircraft and engines to Russian-controlled entities and prohibitions on the export and re-export of aircraft and aircraft components to Russian-controlled entities or for use in Russia. The Russian government responded in retaliation of such sanctions by passing legislation that, among other things, prevents leased aircraft from being returned to their owners without government approval. Leased aircraft, which in certain cases constitute the underlying collateral of an Advisory Client’s investment, are unlikely to be returned.

Geopolitical conditions have negatively affected the airline industry in the past, and concerns about geopolitical conditions, war or armed hostilities or conflicts and terrorist attacks could continue to negatively affect the aviation industry, including the Investment Adviser’s Advisory Clients, for the foreseeable future depending upon various factors including: (1) higher costs to airlines due to the increased security measures required to address terrorist attacks and geopolitical conditions; (2) losses in revenue and increased costs due to the imposition of sanctions and airspace closures as a result of war, armed hostilities or conflicts or terrorist attacks; (3) decrease in the value of aircraft due to the withdrawal from operation of a number of aircraft in a country or region that is the subject of or affected by sanctions or airspace closures; (4) losses in passenger revenue due to a decrease in travel; (5) the price and availability of jet fuel and the ability to obtain fuel hedges under current market conditions; (6) higher financing costs and difficulty in raising financing; (7) higher costs of insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance will continue to be

available or may exclude events such as dirty bombs, bio-hazardous materials and electromagnetic pulsing, which may damage or destroy aircraft and aircraft engines; and (8) special charges recognized by some airlines, such as those related to the impairment of aircraft and other long-lived assets stemming from the grounding of aircraft as a result of geopolitical conflict, economic slowdown and/or airline reorganizations.

It is difficult to predict what the ultimate economic impact of the various conflicts will be on the global economy, the aviation industry, or Advisory Clients' business. In addition, there is no telling what further actions may ultimately be taken with respect to sanctions or trade relations between the U.S. and other countries. Accordingly, it is difficult to predict exactly how, and to what extent, these conflicts may impact Advisory Clients' business, or the business of aircraft manufacturers. Any economic downturns or unfavorable government policies on international trade may affect the demand for aircraft, increase the cost of aircraft components, delay production, impact the competitive position of certain aircraft manufacturers or prevent aircraft manufacturers from accessing customer bases in certain jurisdictions. In turn, this may negatively impact Advisory Client investments.

International Trade Policies

Changes in trade policies among the United States and other countries, in particular, the imposition of new or higher tariffs, could have a material adverse effect on an Advisory Client's performance. Original equipment manufacturers ("OEMs") (including Boeing and Airbus), for example, may seek to offset the impact of increased tariffs by increasing the price of aircraft, engines and/or components.

The aviation industry may be affected by any deterioration in global trade relations, including shifts in the trade policies of individual nations. For example, should protectionist governmental policies, such as increased tariff or other trade barriers, travel limitations and other regulatory actions, have the effect of reducing global commercial activity, the result could be a material decrease in the demand for international air travel. Additionally, certain of the products and services that airlines purchase, including certain aircraft and related parts, are sourced from suppliers located outside the U.S., and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government in respect of the importation of such products could materially increase their cost. Any 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 investments.

Inflationary Pressure

After a sustained period of relatively low inflation rates, current rates of inflation are above or near recent historical highs in the United States, the European Union, the United Kingdom, and other countries. High inflation has resulted in market volatility and uncertainty for global commerce. Inflation may increase the costs of goods, services and labor used in airline operations, thereby increasing expenses. High rates of inflation may also lead policymakers to attempt to decrease demand or to adopt higher interest rates to combat inflationary pressures, which is likely to have a negative effect on Advisory Clients. Airlines and suppliers may also be subject to material adverse

effects as a result of high rates of inflation, including as a result of the impact on their financial conditions, changes in demand patterns, price volatility, and supply chain disruption.

Epidemic Diseases

See also “COVID-19 and Public Health Emergencies” disclosure.

Air travel has historically been disrupted, at times severely, by outbreaks of epidemic diseases, and these disruptions have adversely affected, and may in the future adversely affect, the operations of the Investment Adviser and the performance of its Advisory Clients. For example, the COVID-19 pandemic and related travel restrictions significantly impacted air travel and the operations of airlines through weaker demand, bankruptcies and reorganizations and delays in delivery of aircraft. While demand for aircraft capacity has increased significantly from the lows of the COVID-19 pandemic, demand has not yet reached pre-pandemic levels in all markets, especially in long-haul travel. Future epidemic diseases and other diseases, or the fear of such events could provoke responses that negatively affect passenger air travel.

The COVID-19 outbreak, additional outbreaks of Severe Acute Respiratory Syndrome, Ebola, H1N1, Zika or other or similar epidemic diseases, such as avian influenza and swine flu, or the fear of such events, may prompt additional restrictions and precautionary measures to be put in place, which have historically negatively affected passenger demand for air travel. Travel restrictions and stay-at-home and quarantine orders may be necessary to combat future epidemic diseases and may lead to lasting significant changes in the behavior of airline customers, similarly to what occurred in response to the COVID-19 outbreak. Passengers may also voluntarily choose to reduce travel. Disease outbreaks can also contribute to regional or global economic downturns and potential political and security problems, which could have wide ranging effects and could materially and negatively harm Advisory Clients’ business and operations. All the foregoing could have a negative impact on the performance of airlines, which may, in turn, negatively impact the operations of the Investment Adviser and the performance of its Advisory Clients.

Limited Number of Investments

An Advisory Client may participate in a limited number of investments and poor performance by only a few investments could severely affect the total returns of such Advisory Client. 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 or instrument type. To the extent that an Advisory Client concentrates investments in a particular airline, type of operator, country or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. Moreover, there are no assurances that 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.

Aircraft Groundings

The results of aviation-focused investment strategies depend on the ability of aircraft manufacturers to remain financially stable and to fulfil their contractual obligations to airlines. For example, in early August 2023, Pratt & Whitney announced that microscopic contaminants were found in a metal used in an engine type used on the Airbus A320neo family jets, and inspection and repair required the temporary grounding of affected engines. Further, a number of Boeing aircraft types have been grounded several times due to development, manufacturing and/or quality control issues. Most recently, the U.S. Federal Aviation Administration (“FAA”) grounded the 737 MAX-9 aircraft as a result of the Alaska Airlines incident in January 2024. Following the incident, the FAA conducted a six-week audit of Boeing and Spirit AeroSystems, which revealed multiple instances of non-compliance with manufacturing quality control requirements, although the agency’s investigation remains ongoing. These events have demonstrated the risk that aviation-focused investment strategies may be unable to source investments and implement their investment strategy due to the grounding of aircraft. In addition, aircraft groundings may cause airlines to suffer losses that may impair airlines’ ability to meet their contractual obligations.

The ongoing quality control issues at Boeing may lead to aircraft production delays, aircraft groundings, decreased demand for particular aircraft models and/or restrictions imposed by aviation authorities, which could have an adverse effect on the ability of the Investment Adviser to implement its investment strategies.

Accelerated Retirement of Older Aircraft Models

Many airlines responded to the decreased demand for air travel caused by the COVID-19 pandemic by reducing their fleet capacity. One of the primary strategies for reducing fleet capacity was accelerating the retirement of older, less-efficient aircraft that were scheduled to be retired gradually over the coming years. The accelerated retirement of older aircraft models is expected to reduce demand for these aircraft and the associated components as there are less operators, which will likely result in lower asset prices. Advisory Clients may be invested in EETCs or aircraft ABS that could be adversely impacted to the extent that investments involve aircraft that are disfavored by airlines or that are permanently retired from airline fleets.

Climate Change Risk

Airlines headquartered and/or operating 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 issuers of investments held by Advisory Clients. 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 the potential impact of climate-related events, an Advisory Client’s investments may be vulnerable to the following, which can adversely impact its value: (i) risks of aircraft damage; (ii) indirect financial and operational impacts from severe weather disruptions; (iii) increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; (iv) increased insurance claims and liabilities; (v) increase in energy costs impacting operational

returns; (vi) decreased consumer demand for commercial aviation services resulting from physical changes associated with climate change (*e.g.*, warmer temperatures or decreasing shorelines could reduce travel demand for destinations previously viewed as desirable); and (vii) other economic disruptions arising from the foregoing.

The Investment Adviser and Advisory Clients face several risks associated with climate change, including both transition and physical risks. The transition risks that could impact the Investment Adviser and Advisory Clients 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, the Investment Adviser and its Advisory Clients' investments are subject to risks stemming from the physical impacts of climate change.

Role of Investment Professionals

The success of each Advisory Client will depend in part upon Carlyle Aviation's ability to identify, attract, retain, and motivate talented investment professionals and the skill and expertise of the investment professionals who manage the Advisory Client's investment program. There can be no assurance that such professionals will continue to be associated with or remain in the same roles at Carlyle Aviation, 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 the Investment Adviser's ability to provide services to an 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.

In addition, Carlyle Aviation investment professionals involved in providing advisory services to an Advisory Client could in the future cease providing such services while nonetheless remaining employed by Carlyle Aviation. 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 Aviation personnel will not be solicited by and join competitors or other firms and/or that Carlyle Aviation 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 professionals are subject to, together with Carlyle Aviation's other arrangements with such professionals, will not prevent such professionals from leaving, joining Carlyle Aviation's competitors, or otherwise competing with Carlyle Aviation. The noncompetition and non-solicitation agreements expire after a certain period, at which point such senior professionals could compete with Carlyle Aviation and solicit its Advisory 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.

Conflicts of interest are expected to arise in allocating management time, services or functions, and Carlyle Aviation's ability to access other professionals and resources within Carlyle Aviation or 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 Aviation, including, without limitation,

information barrier policies, or other legal or business considerations.

Reliance on the Investment Adviser

The Investment Adviser 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. To safeguard their limited liability for the liabilities and obligations of an Advisory Client, investors must rely entirely on the Investment Adviser to conduct and manage the affairs of an Advisory Client.

Methods of Investment Analysis

The Investment Adviser 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, to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, the Investment Adviser relies on available resources, including market research (which may include reliance on alternative data sources, artificial intelligence, or machine learning). As a result, the due diligence process may at times be subjective. Accordingly, the Investment Adviser 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.

In the event of fraud, an Advisory Client may suffer a partial or total loss of invested capital, 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.

Effect of Substantial Losses on the Operations of the Investment Adviser

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 the Investment Adviser and its affiliates may decline substantially. Such losses may hamper the ability of the Investment Adviser and its affiliates to (i) retain employees and (ii) provide the same level of service to such an Advisory Client as it has in the past.

General Economic and Market Conditions

The success of an Advisory Client's investment activities will be affected by 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).

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 United States and other developed economies are experiencing higher than normal inflation rates. It remains uncertain whether substantial inflation in the United States and other developed economies will be sustained over an extended period or have a significant effect on the United States or other economies. Advisory Clients could face difficulty in realizing value from investments due to sustained declines in investment market values as a result of concerns regarding interest rates.

Misconduct of Personnel

There have been several 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 Aviation. Misconduct by employees or by third-party service providers to the Investment Adviser 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 Aviation. 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), including Carlyle Aviation, 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 Carlyle Aviation takes to detect and prevent this activity may not be effective in all cases.

Third-Party Service Providers

Certain of an Advisory Client's and the Investment Adviser'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 the Investment Adviser may not be able to verify the risks or reliability of such third parties. An Advisory Client could 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 the Investment Adviser, thereby increasing the expenses borne by such Advisory Client's investors.

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

Turmoil such as that currently experienced by the United States and global financial markets as a result of the ongoing Russia-Ukraine and 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 cryptocurrency companies, illustrates the risk that the financial markets can experience uncertainty, volatility, and instability, potentially for protracted periods of time. Lending and 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 United States and global financial markets will not worsen and/or adversely affect one or more of an Advisory Client's investments, its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

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.

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 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.

Simultaneously with the recent events in the U.S. banking sector, the Swiss regulators intervened in the collapse of Credit Suisse Group AG ("**Credit Suisse**"), one of the global systemically important banks, and brokered its partial sale to UBS Group AG 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.

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 Aviation, the Investment Adviser, 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.

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 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's 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 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 an Advisory Client's investments

and the Advisory Client's ability to source, manage and divest investments and an Advisory Client's ability to achieve its investment objectives, all of which could result in significant losses to an Advisory Client. 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.

Market Conditions and Opportunities

An Advisory Client's strategy may in some investments be based, in part, upon the premise that assets will be available for purchase by the Advisory Client at prices that the Investment Adviser considers favorable. Furthermore, the Advisory Client's strategy relies, in part, upon the availability of investment opportunities, continuation of existing market conditions or, in some circumstances, upon more favorable market conditions.

Uncertain Geopolitical Events

See also "Aviation Industry Risks" disclosure above.

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 Client 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, and the ability of an Advisory Client to achieve its investment objectives.

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 either the assumptions made or the beliefs and/or expectations currently held by the Investment Adviser will prove correct and actual events and circumstances may vary significantly.

Confidential or Material, Non-Public Information

By reason of their responsibilities in connection with other activities of Carlyle Aviation, certain

personnel of the Investment Adviser may acquire confidential or material non-public information concerning an Advisory Client's existing or proposed investment, and the possession of such information may limit the ability of the Investment Adviser to buy or sell particular instruments 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 Aviation, Carlyle, or their affiliates may affect the ability of Advisory Clients to make certain acquisitions of or enter into certain transactions with such issuer.

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

The establishment and maintenance of the CASP Information Barrier means CASP 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 CASP, on the one hand, and personnel of the rest of Carlyle, on the other hand, may be limited, reducing potential synergies.

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 Investment Adviser 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 complying with such requests may be burdensome, inconvenient, and intrusive. The Fund may decline to accept a subscription on the basis of the information that is provided or if this information is not provided. The Fund 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. The Fund 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 Investment Adviser or its affiliates will take such steps as it determines in its sole discretion is 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

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.

Hedging Transactions

The Investment Adviser may enter into hedging transactions, if available, designed to reduce currency risks with respect to an Advisory Client, but there can be no assurance that any such transactions would achieve their intended results. 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.

Interest Rate Risks

Changes in interest rates may adversely affect an Advisory Client's underlying investments. 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 Investment Adviser. 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.

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 political contribution to certain elected officials or candidates. The Investment Adviser is subject to the policies and procedures adopted by Carlyle 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 its interactions with U.S. public pension funds. If the Investment Adviser or its 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 an Advisory Client 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.

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 will operate. In addition to any proposed tax legislation, 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 Advisory Clients and their investments.

As an SEC-registered investment adviser, the Investment Adviser is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws that include, without limitation, the obligation of the Investment Adviser and its affiliates to make regulatory filings with respect to the Advisory Clients and their activities under the Advisers Act (including, without limitation, Form ADV or Form PF). Relatedly, Carlyle Aviation may be required to provide certain information regarding some of the investors in the Advisory Clients to regulatory agencies and bodies to comply with applicable laws and regulations. In light of the heightened regulatory environment in which 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 the Investment Adviser and its affiliates and Advisory Clients to comply with such regulatory reporting and compliance-related obligations.

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 the Investment Adviser to report to the SEC the occurrence of certain fund-related 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 the Investment Adviser or its related persons to private fund clients, seeking reimbursement for certain investigation-related expenses, reducing the amount of the Investment Adviser's clawback to the extent applicable, by actual, potential or hypothetical taxes applicable to the Investment Adviser, 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 the Investment Adviser, 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 investments) 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 Aviation 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 Advisory 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 Aviation operates its business, as well Carlyle Aviation's implementation of the Advisory Clients' investment strategy, and there can be no assurance that such alterations will not have a material adverse effect on Carlyle Aviation, the Investment Adviser and its affiliates, its Advisory Clients, 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 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 Aviation and its Advisory Clients. Such changes may also result in modifications to the Investment Adviser's practices and risk appetite in respect of its 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 the Investment Adviser 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 Aviation, 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 Aviation 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 Aviation's business by making it more costly financially or burdensome for Carlyle Aviation to engage in certain business transactions.

Cybersecurity Breaches, Identity Theft, Privacy Breaches, and Other Threats

Cybersecurity incidents and cyberattacks 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 the Investment Adviser faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target the Investment Adviser 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 and employees. For example, related to the Russia-Ukraine war, Russia has threatened significant cyberattacks and other forms of cyberwarfare against military and civilian targets globally. Similarly, service providers of the Investment Adviser or an Advisory Client, especially an administrator, may process, store, and transmit such information. As a result, the Investment Adviser 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 Aviation's 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 Aviation's reputation.

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 Aviation has implemented a security awareness training program. The objective of this program is to inform Carlyle Aviation personnel of their responsibility for information security and includes quarterly online training, live awareness events and phishing simulations.

Carlyle Aviation's 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, system 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 its investments 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 Aviation's and/or its Advisory Client's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors, employees, and portfolio investments.

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 (and the beneficial owners of investors). 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 EU General Data Protection Regulation (GDPR) and proposed SEC rules, or similar data protection regulations), 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 the reputation of Carlyle Aviation and the applicable Advisory Client'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 Aviation and its Advisory Clients are subject to the same electronic information security threats as Carlyle Aviation. 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.

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. Non-U.S.

investments involve 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; (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; (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.

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, to the extent such activity occurs within proximity to any Advisory Client's investments. While the overall effect of such activism remains unknown, investors should note that this type of volatility and uncertainty could materially and adversely impact the securities and other assets in which the Advisory Client invests.

Data Protection Regulation

*See also "Cybersecurity Breaches, Identity Theft, Privacy Breaches, and Other Threats" and **"Error! Reference source not found."** disclosures.*

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, and/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, the Investment Adviser and its Advisory Clients 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 the Investment Adviser and its Advisory Clients 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 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 Aviation 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 Aviation 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 the Investment Adviser believes are compliant, but the SEC deems otherwise. In addition, many jurisdictions in which Carlyle Aviation 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 the Investment Adviser to additional cybersecurity risks as well as regulatory scrutiny.

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 Aviation 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 the Investment Adviser and its Advisory Clients. In the interim, several 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 with 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 the Investment Adviser and its Advisory Clients. 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 the Investment Adviser and its Advisory Clients.

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 the Investment Adviser and its Advisory Clients 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.

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). The actual net performance information of a particular investor may differ from the net performance information disclosed to such investors.

Policies and Procedures

Policies and procedures implemented by the Investment Adviser or its affiliates from time to time (including as implemented in the future) to mitigate conflicts of interest and address certain regulatory requirements and contractual restrictions can reduce synergies across the Investment Adviser's areas of operation or expertise that an Advisory Client expects to draw on for purposes of pursuing attractive investment opportunities.

Risks Associated with Particular Types of Securities

Given the Investment Adviser's discretion in managing its Advisory Clients' investment portfolios, any one or more of the risks listed in the previous section may be incurred by an Advisory Client. However, because it may be useful in understanding the Investment Adviser's investment program, set forth below is a non-exclusive list of certain risks related to securities and other instruments that may be utilized within an Advisory Client's portfolio:

Debt Securities (generally)

Generally, debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

An Advisory Client may invest in certain permitted debt investments as provided under its governing documents, which can create various risks for the Advisory Client. For example, debt investments typically do not provide the holders with any governance rights, and so the Advisory Client's ability to influence the success of such investment may be significantly limited. In addition, the debt securities in which an Advisory Client may invest may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. In addition, the market for selling debt may not be as liquid as the market for selling equity securities, which may impair the ability of the Advisory Client to sell the investment at the opportune time. One of the fundamental risks associated with an Advisory Client's debt 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 fact that payments are contracted or regulated does not imply that there is no risk of default. An Advisory Client's return to its investors would be adversely impacted if an issuer of debt securities in which the Advisory Client invests becomes unable to make such payments when due.

ETCs and EETCs (generally)

An ETC generally represents an interest in the assets of one or more pass-through trusts that hold equipment notes, typically issued by an airline or other company that owns aircraft, secured by a pool of aircraft (and may also include related assets such as engines or spare parts) which may be owned by the airline outright, owned by the airline subject to a mortgage or other financing, or even scheduled for delivery to the airline. An EETC is an ETC which is senior to all other debt obligations of the ETC obligor or issuer. An Advisory Client may invest in EETCs or ETCs or may make direct investments in equipment notes.

Because payments on ETCs and EETCs depend on payments on underlying equipment notes, the performance of ETCs and EETCs, like the performance of equipment notes, depend on the financial and operating condition of the obligor on the underlying equipment notes. Accordingly the risks of investing in ETCs and EETCs, as well as direct investments in equipment notes, include risks associated with investments in the airline industry, such as high competition, difficulty in controlling labor costs and pension obligations, seasonal and changing demand for air travel, fuel costs and operating expenses (including security), regulatory and legal oversight as well as challenges related to doing business globally, insurance costs, the risk of accidents and the risk of hostile acts.

Moreover, the value of the aircraft securing underlying equipment notes is typically based on appraisals that are based on assumptions and methodologies which differ among appraisers and may in some cases be prepared without physical inspection of the related aircraft. This may result in valuations that are materially different among different appraisal firms. Because appraisals are only estimates of value, they should not be relied upon as a measure of realizable value. The proceeds realized upon the sale of an aircraft may be less than its appraised value.

In addition, if a default occurs under an indenture for the underlying equipment notes, the holder

of the notes or the trustee for the ETC or EETC may not be the party which controls remedies, in which case it will not have rights to participate in directing the exercise of remedies. Holders of equipment notes may not realize the full amount of the outstanding principal balance. For any holder of an ETC or an EETC, the equipment notes might, in the exercise of remedies, be sold for less than their outstanding principal amount, in which case holders of ETCs or EETCs may suffer a material loss, and such investors will not have recourse against the obligors on the equipment notes for any shortfall.

Finally, while under normal market conditions there is a secondary market for resale of many issues of equipment notes, ETC or EETC, the liquidity of the secondary market may vary from time to time. At certain times, particularly under stressed market conditions, the secondary market may not be sufficiently liquid to allow for the sale, or the sale at reasonable prices, of equipment notes, ETC or EETC owned by Advisory Clients.

ABS (generally)

Generally, the investment characteristics of ABS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

Aviation-backed ABS are subject to many of the same risk factors as ETCs and EETCs, including the financial health of the underlying obligors, the valuation of the aircraft collateral, default risk and the risk that markets for ABS instruments may become illiquid.

Derivative Instruments (generally)

Generally, derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives is subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which Advisory Clients may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on Advisory Clients.

Below Investment-Grade Assets

An Advisory Client may invest in non-investment grade securities, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks and generally will be subject to greater risks than investment grade corporate obligations and overall greater risk of timely payment of principal and interest. An Advisory Client may invest in loans either through primary issuances or secondary transactions. The value of an Advisory Client's investment may be detrimentally affected to the extent a borrower defaults on its obligations. There can be no

assurance that the value assigned by the Investment Adviser to collateralize an underlying loan can be realized upon liquidation, nor can there be any assurance that any such collateral will retain its value. Undervalued Securities

The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from an Advisory Client's investments may not adequately compensate for the business and financial risks assumed.

Item 09. Disciplinary Information

The Investment Adviser and its respective professionals have not 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 the Investment Adviser's advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer Registration Status

The Investment Adviser is not registered as a broker-dealer and does not have any application pending to register as a broker-dealer or registered representative of a broker-dealer. The Chief Compliance Officer of the Investment Adviser is a registered representative and supervisory principal of TCG Capital Markets L.L.C., which is discussed in further detail below.

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 the Investment Adviser, 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. 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 Carlyle's Global Private Equity, Global Credit, and Global Investment Solutions business lines, and houses the anti-money laundering compliance function. TCG Capital Markets also operates as part of the Global Capital Markets ("**GCM**") platform, 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, underwriting or sponsoring mutual funds in a wholesaler capacity, among other related activities, including U.S.-based marketing and fundraising for Global Credit advisory clients. 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.

Certain registered representatives of TCG Capital Markets are also expected to be providing investment advisory services to Carlyle's 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 the Investment Adviser's (or the relevant Carlyle-affiliated investment advisers') policies and procedures.

The Investment Adviser does not use TCG Capital Markets to execute trades on behalf of clients and TCG Capital Markets does not hold funds or securities for, or owe money or securities to, clients of the Investment Adviser. TCG Capital Markets may act, from time to time, as a placement agent with respect to advisory services offered by the Investment Manager.

In addition to TCG Capital Markets, there are other U.S. and non-U.S. broker-dealer affiliates of Carlyle whose activities are unrelated to the activities of the Investment Adviser. For information regarding Carlyle, please see Part 1 and Part 2 of Form ADV of the various Carlyle-affiliated investment advisers, available at: <https://www.adviserinfo.sec.gov/>.

Material Relationships or Arrangements with Industry Participants

The Carlyle Group Inc.

As discussed in Item 4, the Investment Adviser is affiliated with Carlyle. The Investment Adviser operates separately from and carries out its investment process independent of Carlyle and other Carlyle-affiliated investment advisers.

Carlyle is a global alternative asset management firm with business operations across several business segments. Although the Investment Adviser is a separately registered investment adviser and carries out its investment operations independently of Carlyle, the Investment Adviser's status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed below.

Further, the Investment Adviser intends to share or leverage certain operational functions and resources at Carlyle, such as corporate accounting, information technology, and compliance. Because Carlyle has many different asset management and advisory businesses and operates on a global basis, the Investment Adviser may be subject to greater regulatory oversight than it would be absent its relationship with Carlyle. From time to time, the Investment Adviser and its clients could be subject to certain legal and other restrictions on their investment activities as a consequence of the Carlyle relationship including, for example, limitations imposed by non-U.S. regulatory authorities, or restrictions on the purchase or sale of, or exercise of voting or other rights with respect to, the debt instruments of an issuer when a Carlyle advisory client holds the equity of the issuer and the issuer is an affiliate of Carlyle.

Carlyle and its directors, members, managers, partners, shareholders, officers, employees, agents, and affiliates (including the Investment Adviser and its officers, employees, agents, and affiliates) are permitted to conduct any other business, including any business within the securities industry, whether such business competes with the Investment Adviser. Without limiting the generality of the foregoing, Carlyle and its affiliated companies and persons act and will continue to act as investment adviser or investment manager for others, manage funds, separate accounts, or capital for others, have, make and maintain investments in their own name or through other entities and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms or advisory firms.

For the purposes of this Brochure, references to the "Investment Adviser" do not include references to Carlyle. For additional information regarding Carlyle-affiliated investment advisers, such as Carlyle Investment Management L.L.C., Carlyle Global Credit Investment Management L.L.C. and CELF Advisors LLP, including persons related to such advisers that may act as investment advisers or sub-advisers or commodity pool operators, please see Part 2 of Form ADV of such particular investment adviser, available at: <https://www.adviserinfo.sec.gov/>.

Material Conflicts of Interest Relating to Other Investment Advisers

We do not recommend or select other investment advisers for our clients. The Investment Adviser is affiliated with CAPDP, which is an SEC-registered investment adviser, and its relying advisers, CAML, CAFM and CAFM II. For additional information regarding affiliated investment advisers,

including persons related to such advisers that may act as investment advisers or sub-advisers or commodity pool operators, please see Form ADV of CAPDP, available at: <https://www.adviserinfo.sec.gov/>.

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

Code of Conduct

The Investment Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty, and trust. In seeking to meet these standards, the Investment Adviser has adopted and implemented a Code of Conduct (the “**Code**”) 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. Among other things, the Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of Advisory Clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of Advisory Clients, including an Advisory Client’s investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

As noted above, the Investment Adviser is also subject to 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 Conduct, which governs the Investment Adviser’s interactions with U.S. public pension funds. Investors may request a copy of this Code of Conduct by contacting the Investment Adviser at the address or telephone number listed on the first page of this document.

Carlyle Aviation may take disciplinary measures against any of its personnel who violate the Code, including, without limitation, imposing penalties, reducing compensation, demotion, requiring unwinding of any applicable trade, requiring disgorgement of trading gains, suspending, or terminating employment, or any combination of the foregoing. Carlyle Aviation personnel are also required to promptly report any violation of the Code of which they become aware.

Securities in which the Investment Adviser or a Related Person Has a Material Financial Interest

Cross Transactions

In certain situations, the Investment Adviser reserves the right to determine whether it would be in the best interests of certain Advisory Clients to execute a securities transaction from one Advisory Client to another (each such transaction, a “**Cross Trade**”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the

Advisory Clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each Advisory Client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Advisory Clients. Further, no cross trades may be transacted without the express written approval of the Investment Adviser's Chief Compliance Officer.

The Investment Adviser reserves the right to execute Cross Trades with the assistance of a broker-dealer who executes and books the transaction. Alternatively, a Cross Trade between two Advisory Clients can occur as an "internal cross," where the Investment Adviser instructs the custodian for the Advisory Clients to book the transaction at the price determined in accordance with the Investment Adviser's valuation policy. If the Investment Adviser effects an internal cross, the Investment Adviser will not receive any fee in connection with the completion of the transaction.

Principal Transactions

To the extent that Cross Trades are viewed as principal transactions due to the ownership interest in an Advisory Client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such an Advisory Client and approved or disapproved pursuant to the terms of the relevant Advisory Client's governing documents, including by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations. Further, no principal transactions may be effected without the express written approval of the Investment Adviser's Chief Compliance Officer.

Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees preclear certain types of personal securities transactions, such as investments in equities, bonds, options, private placements, and initial public offerings. Employees are also required to pre-clear any investments in securities and, in general, requests to trade in aviation-related securities will only be considered if the request is to dispose of aviation-related securities positions that were established prior to being employed by the Investment Adviser.

The Investment Adviser, its affiliates and its employees are permitted to give advice or take action for their own accounts and other Advisory Clients that differs from, conflicts with, or is averse to advice given or action taken for Advisory Clients. These activities could adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Advisory Clients.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable over time and

considering the circumstances, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that arise as a result of personal trades in the same or similar securities made at or about the same time as Advisory Client trades.

From time to time, the Investment Adviser could place orders for new issue securities on behalf of Advisory Clients in coordination with other investment teams in Carlyle. The Investment Adviser believes that presenting a larger order with the underwriter improves the quality of execution (*i.e.*, that Advisory Clients will receive a larger allocation of oversubscribed new issues) and thus believes that presenting a larger order is beneficial to Advisory Clients. There is a risk, however, that the larger order will not result in a larger allocation of a new issue and that Advisory Clients will receive a smaller allocation of the new issue than they would receive if the order have not been coordinated with Carlyle and the resulting allocation was not split pro rata between the Investment Adviser's Advisory Clients and Carlyle.

Conflicts of Interest Created by Contemporaneous Trading

It is the policy of the Investment Adviser to allocate investment opportunities among all Advisory Clients in a fair and equitable manner over time and considering the circumstances, to the extent practical and in accordance with each Advisory Client's applicable investment strategies.

The Investment Adviser's general guidelines that inform what it believes constitute "fair and equitable" allocations are as follows:

- For all purchases of securities, trades are allocated on a pro rata basis, on the basis of capital (or, if applicable, on "buying power"); and
- For all sales of securities, trades are allocated on a pro rata basis, which are permitted be on the basis of capital or on the basis of the position size in the various accounts.

The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Advisory Client solely because the Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any Advisory Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the Advisory Client. The Investment Adviser's discretionary Advisory Clients are typically managed according to a risk framework that specifies exposure limits in a number of categories (*e.g.*, credit rating, issuer exposure, individual security exposure, regional exposure, etc.). An Advisory Client generally will not be eligible to participate in a transaction executed by the Investment Adviser if the transacted security does not fit an Advisory Client's investment mandate or if the transacted security, if allocated to an Advisory Client, would cause an Advisory Client to breach the limits laid out in the applicable risk framework.

Other Potential Conflicts

From time to time, the CASP and its affiliated persons come into possession of material non-public or other confidential information with respect to an issuer of publicly traded securities. In such circumstances, CASP generally will be prohibited, by law, policy and/or contract, for a period

from (i) unwinding an Advisory Client position in such issuer, (ii) establishing an initial Advisory Client position or taking any greater Advisory Client position in such issuer and/or (iii) pursuing other investment opportunities related to such issuer. In addition, CASP maintains an information barrier between itself and the personnel, systems, and offices of the rest of Carlyle Aviation and other Carlyle-affiliated registered investment advisers. Carlyle Aviation staff provide services to its affiliated specialty aviation asset managers. The CASP Information Barrier is designed to prevent the introduction of material, non-public information to CASP's personnel from other affiliates. Accordingly, should CASP or any of its affiliated persons come into possession of material non-public or other confidential information with respect to an issuer, CASP generally would be prohibited from communicating such information to Advisory Clients, and CASP will not have responsibility or liability for failing to disclose such information to Advisory Clients as a result of following their policies and procedures designed to comply with applicable law.

Allocations

The Investment Adviser 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, the Investment Adviser will allocate such opportunities among the Advisory Clients (including, without limitation, an allocation of 100% of such an opportunity to a single Advisory Client) on a basis that the Investment Adviser reasonably determines is fair and equitable over time taking into account all factors deemed relevant, including the requirements of the government documents of the applicable Advisory Clients, the sourcing of the transaction, the nature of the investment objective, investment focus, mandate or policies, 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 Fund, applicable law and other regulatory guidance and other considerations deemed relevant by the Investment Adviser in good faith. Subject to relevant governing documents, each Advisory Client is permitted to pursue investment opportunities similar to those pursued by another Advisory Client. Allocation decisions can raise conflicts, for example, if Advisory Clients have different fee structures. The allocation of investment opportunities among Advisory Clients will be determined by the Investment Adviser in its sole judgment and in accordance with the governing documents of the relevant Advisory Clients.

Intangible Benefits

The Investment Adviser 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 Advisory Clients or investors. For example, airline travel or hotel stays incurred as Advisory Client expenses typically result in cash rebates, "miles," "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 such personnel (and not the Advisory Clients and/or investors) even though the cost of the underlying service is borne by the Advisory Clients and/or investors. Such expenses are permitted to be incurred in the future.

Loan Arranger Activity

The Investment Adviser is permitted to arrange loans to airline borrowers that are also issuers of securities that fall within the investment mandate of the Investment Adviser's Advisory Clients. The Investment Adviser could be incentivized to manage portfolios on behalf of Advisory Clients in a manner that is intended to be viewed favorably by the prospective loan borrower. For example, the Investment Adviser is incentivized to purchase securities that it would otherwise not purchase or hold securities that it would otherwise sell. This risk is partially mitigated by the risk frameworks that apply to discretionary Advisory Clients that prescribe various risk limits and limitations on the types of investments that can be traded on behalf of an Advisory Client mandate.

Item 12. Brokerage Practices

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

As noted previously, we have full discretionary authority to manage the Fund, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

Portfolio transactions for each Advisory Client are allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers provide other services that are beneficial to us and/or certain Advisory Clients, but not beneficial to all Advisory Clients. In selecting brokers and dealers to execute transactions, provide financing and securities on loan, hold cash, and short balances and provide other services, the Investment Adviser may consider, among other things, the following subject to best execution:

- Financial stability;
- Speed, likelihood and timeliness of execution;
- Ability to complete the transaction adequately through to clearance, confirmation and delivery;
- The value of the research provided and useful ideas
- Access to secondary markets;
- Responsive personnel;
- Trading experience;
- Familiarity and expertise with the trading security; and
- Track record in achieving best results on similar transactions.

Additionally, any new broker is subject to the Investment Adviser's financial review process and subject to an appropriate background search to ensure that there are no regulatory concerns or pending disciplinary proceedings.

Accordingly, the commission rates (or dealer markups and markdowns) charged to the Fund by brokers or dealers in the foregoing circumstances will, in certain cases, be higher than those charged by other brokers or dealers who do not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Adviser nor the Fund compensate any broker or dealer separately for any of these other services.

The Investment Adviser maintains policies and procedures to review the quality of executions,

including periodic reviews by its investment professionals.

Research and Other Soft Dollar Benefits

The Investment Adviser currently does not expect to receive or use soft dollars.

Although not currently anticipated, the Investment Adviser is permitted to pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Adviser will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Investment Adviser believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services generated by one or more Advisory Clients can be used by the Investment Adviser to service one or more other Advisory Clients, including Advisory Clients that have not paid for the soft dollar benefits. The Investment Adviser does not seek to allocate soft dollar benefits to Advisory Client accounts in proportion to the soft dollar credits the Advisory Client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Adviser (*i.e.*, a “mixed use” item), the Investment Adviser will make a good faith allocation of the cost that can be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest exists by reason of the Investment Adviser’s allocation of the costs of such benefits and services between those that primarily benefit the Investment Adviser and those that primarily benefit the Fund.

When the Investment Adviser uses Advisory Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Investment Adviser receives a benefit because it does not have to produce or pay for such products or services. The Investment Adviser has an incentive to select or recommend a broker-dealer based on the Investment Adviser’s interest in receiving research or other products or services, rather than on its Advisory Clients’ interest in receiving most favorable execution.

Brokerage for Client Referrals

Neither the Investment Adviser nor any related person receives Advisory Client referrals from any broker-dealer.

Directed Brokerage

The Investment Adviser does not recommend, request, or require that an Advisory Client direct the Investment Adviser to execute transactions through a specified broker-dealer.

Order Aggregation

The Investment Adviser currently manages the Fund, a separately managed account and provides non-discretionary investment advisory services to SALSA Advisory Clients. To the extent that the Investment Adviser trades for multiple Advisory Clients simultaneously, if the Investment Adviser determines that the purchase or sale of a security is appropriate with regard to multiple Advisory Clients, the Investment Adviser may, but is not obligated to, purchase or sell such a security on behalf of such Advisory Clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Advisory Client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each Advisory Client's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Adviser. In the event of a partial fill, allocations will be modified on a basis that the Investment Adviser deems to be appropriate, including, for example, to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Investment Adviser. As a result, in certain scenarios, trades in the same security for one Advisory Client (including an Advisory Client in which the Investment Adviser and its personnel have a direct or indirect interest) will receive more or less favorable prices or terms than another Advisory Client, and orders placed later will not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Trade Errors

The Investment Adviser maintains an internal trade error policy that will apply in the absence of any specific regulatory or contractual provisions (*e.g.*, for an account that constitutes "plan assets" under ERISA). Among other things, this policy requires that the Investment Adviser's personnel correct errors as soon after discovery as reasonably practical, report errors to the Chief Compliance Officer, and reverse losses suffered as a result of the Investment Adviser's gross negligence or willful misconduct.

Item 13. Review of Accounts

Frequency and Nature of Review of Client Accounts or Financial Plans

The Investment Adviser performs various daily, weekly, monthly, quarterly, and periodic reviews of each Advisory Client's portfolio. Such reviews are conducted by the members of the investment team, our portfolio manager, or compliance group.

Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of an Advisory Client account may be triggered by any unusual activity or special circumstances.

Content and Frequency of Account Reports to Clients

The Investment Advisor generally provides annual audited financial statements to our Advisory Clients within 120 days of the applicable Advisory Client's fiscal year end.

Investors in the Fund generally receive a letter from the Investment Adviser, no less frequently than quarterly, documenting the performance of their Fund, along with a commentary by the Investment Adviser, although the Investment Adviser provides certain investors with information on a more frequent and detailed basis if agreed to by the Investment Adviser. Information also may be available through a fund administrator's password-protected website. In addition, the Investment Adviser issues investor tax reports and audited financial statements concerning their respective Funds within 120 days of the end of the Fund's fiscal year. While all investors generally receive similar information, to the extent an investor receives additional information that other investors have not received, in addition to information provided in the Fund's regular reports to investors, such information is generally expected to provide such investor with greater insight into the Fund's activities. This will likely enhance such investor's ability to make investment decisions with respect to the Fund and possibly affect such investor's decision to request a redemption from the Fund.

Item 14. Client Referrals and Other Compensation

The Investment Adviser does not receive economic benefits from non-Advisory Clients for providing investment advice and other advisory services. As noted in Item 4, we reserve the right to arrange loans from institutional investors to airlines and will receive a loan arranger fee in connection with such loans.

As described in Item 10 above, TCG Capital Markets may serve as a placement agent with respect to advisory services offered by the Investment Adviser. Neither the Investment Adviser nor its Advisory Clients pay TCG Capital Markets for such services.

Morgan Stanley MUFG Securities Co., Ltd. is a third-party distributor compensated to assist with referring Advisory Clients to the SALSA platform and to assist with introducing Japanese institutional investors; the Investment Adviser reserve the right to utilize other placement agents from time to time.

Item 15. Custody

The Investment Adviser is deemed to have custody of Advisory Client funds and securities in instances when it has the authority to obtain Advisory Client funds or securities, for example, by deducting advisory fees from an Advisory Client's account or otherwise withdrawing funds from an Advisory Client's account. Account statements related to the Advisory Clients are sent by qualified custodians to the Investment Adviser.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**") for its Fund Advisory Clients. However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund for which it has custody because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that each such Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each such Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

The Investment Adviser 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 the assets of other clients of the custodian.

The Investment Adviser is deemed to have custody of the underlying assets of many of its Advisory Clients. In addition to holding client assets with an unaffiliated, qualified, third party custodian, these client assets (where the Investment Adviser 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 PCAOB, and the audited financial statements are then provided to the underlying investors of these Advisory Clients within 120 days of the end of the fiscal year. For client assets that are pooled investment vehicles (and subject to such financial audits and reporting delivery qualifications), the Investment Adviser 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.

Item 16. Investment Discretion

The Investment Adviser serves as the management company with discretionary trading authority to each Fund and the separately managed account. Generally, this discretion is subject only to the investment guidelines set forth in the governing agreements of an Advisory Client.

The SALSA accounts are non-discretionary.

Loans arranged by the Investment Adviser to finance the acquisition of commercial aircraft by airlines are non-discretionary.

Item 17. Voting Client Securities

In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents, or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Advisory Client’s best interests and is in line with each Advisory Client’s investment objectives. It is not expected that the Advisory Clients will hold equity securities, thus we do not expect to participate in proxy votes.

The Investment Adviser may consider all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities;
- the anticipated costs and benefits associated with the proposal;
- the effect on liquidity; and
- customary industry and business practices.

In certain circumstances, the Investment Adviser may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the anticipated benefit to its Advisory Clients. Generally, investors may not direct our vote in a particular solicitation.

Conflicts of interest are expected to arise between the interests of the Advisory Clients on the one hand and us or our affiliates on the other hand. If we determine that we have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our proxy voting policies and procedures. Investors may obtain a copy of our proxy voting policies and our voting record upon request.

Item 18. Financial Information

Currently, the Investment Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to Advisory Clients and has not been the subject of any bankruptcy petitions, including in the past 10 years.

Item 19. Requirements for State Registered Advisers

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