

## Form ADV Part 2A Brochure

March 31, 2024

OSP, LLC

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Edina, MN 55410

[www.osp-group.com](http://www.osp-group.com)

This Brochure provides information about the qualifications and business practices of OSP, LLC (d/b/a O'Brien-Staley Partners) ("OSP"). If you have any questions about the contents of this Brochure, please contact us at 612-770-7050. Currently, our Brochure may be requested free of charge by contacting Adam Bernier, Chief Financial Officer and Chief Compliance Officer, at [adam.bernier@osp-group.com](mailto:adam.bernier@osp-group.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

OSP is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Additional information about OSP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



**Item 2 – Material Changes**

This annual updating amendment filing to our Brochure, dated March 31, 2024, contains no material changes since the last annual amendment filed on March 30, 2023.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may also be requested by contacting Adam Bernier, Chief Financial Officer and Chief Compliance Officer at (612) 770-7050.

Additional information about OSP is also available via the SEC's web site <http://www.adviserinfo.sec.gov>.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	2
Item 6 – Performance-Based Fees and Side-By-Side Management .....	4
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 – Disciplinary Information .....	12
Item 10 – Other Financial Industry Activities and Affiliations .....	13
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading.....	14
Item 12 – Brokerage Practices .....	17
Item 13 – Review of Accounts .....	18
Item 14 – Client Referrals and Other Compensation .....	19
Item 15 – Custody .....	20
Item 16 – Investment Discretion .....	21
Item 17 – Voting Client Securities.....	22
Item 18 – Financial Information.....	23

#### Item 4 – Advisory Business

OSP, LLC, which also does business under the registered d/b/a name O'Brien-Staley Partners ("OSP" or the "Adviser"), was established as an investment adviser in 2012 and became registered with the U.S. Securities and Exchange Commission in March 2014. OSP's principal place of business is located in Edina, Minnesota.

OSP is managed by E. Gerald O'Brien, Chief Executive Officer and Chief Investment Officer, and Warren Staley, non-executive Chairman (collectively, the "Principals"). OSP is wholly owned by OSP, LP, which is controlled by the Principals and ultimately majority-owned by the Principals and their family members.

OSP primarily serves as the investment manager to value investment vehicles (the "Value Funds") which invest with a value investment bias in unloved or out-of-favor assets. These opportunities are primarily composed of commercial and industrial ("C&I"), small- and medium-sized enterprises and commercial real estate credits ("CRE"). Entities affiliated with OSP act as the general partners of the Value Funds. OSP also serves as the investment manager to an investment vehicle that implements a social impact strategy (the "Impact Strategy"; together with the Value Funds, the "Funds" or each a "Fund").

The Funds are pooled investment vehicles operating as private funds that are exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and whose securities are not registered under the Securities Act of 1933, as amended (the "Securities Act"). The Value Funds are organized as Delaware limited partnerships, while the Impact Strategy is organized as a Minnesota limited liability company. The Funds are "lock-up" funds that do not provide investors with redemption rights prior to dissolution.

As of December 31, 2023, the amount of regulatory assets OSP manages on a discretionary basis is \$1,664,763,000.

## Item 5 – Fees and Compensation

It is critical that investors refer to the respective organizational documents for a complete understanding of how OSP is compensated from that Fund for its advisory services; the fees and expenses investors may pay and how those fees and expenses are deducted from an investor's assets; and investor's withdrawal and redemption rights.

### **Management Fees and Performance-Based Compensation**

#### ***Value Funds***

OSP or its affiliate generally receive Management Fees and Carried Interest allocations (as defined below) or similar performance-based remuneration from each Value Fund. Additionally, consistent with the respective organizational documents of the Value Funds, each Fund typically bears certain out-of-pocket expenses incurred by the Fund and the Adviser in connection with the services provided to the Fund.

The "Management Fee" is calculated and payable quarterly in advance. Until the termination of a Fund's reinvestment period, the Management Fee is calculated based on a percentage of the capital commitments of investors in the Fund, while after the termination of the investment period, the Management Fee is calculated based upon the lesser of a percentage of the capital commitments of investors in the Fund and the current value of investors' capital account balances. The current value of investors' capital account balances is calculated based on the Valuation Policy disclosed in the respective organizational documents of each Fund. OSP reserves the right, at its sole discretion, to waive, reduce or calculate differently the Management Fees for certain investors in a Value Fund, including persons affiliated with OSP.

"Carried Interest" is paid to the affiliated general partner of each Value Fund based upon the performance of investments in the Fund subject to a preferred rate of return and "clawback" provision. The calculation of this performance compensation is described more fully in the relevant Fund organizational documents. OSP reserves the right, at its sole discretion, to waive, reduce or calculate differently the performance allocation for any investor, including persons affiliated with OSP.

#### ***Impact Strategy***

OSP does not receive performance fees related to the Impact Strategy but does collect management fees. Certain investors in the Fund receive a fixed return on their investment, the return to other investors will vary with performance.

**Expenses**

Organizational and operational expenses of the Funds are allocated to each Fund and investors as set forth in the organizational documents of the respective Fund. The Funds shall pay (or reimburse the general partner or Adviser) for all reasonable organizational and start-up expenses incurred by OSP or its affiliates on behalf of the respective Fund(s). Fund expenses shall include but not be limited to interest on borrowings, payments made under and expenses related to hedging transactions, OSP's management fee, legal, consulting, accounting, auditing, reporting and financial statement and tax preparation expenses, out-of-pocket expenses relating to the acquisition, holding and disposition of investments, expenses incurred in connection with transactions whether or not consummated and other customary and extraordinary expenses, including but not limited to indemnification and litigation, interest payments on indebtedness and other borrowing charges, administrator fees and expenses, custodian fees and expenses, taxes, telecommunication, research expenses including Bloomberg terminals, brokerage fees and commissions, insurance premiums and certain other expenses.

Fund expenses shall also include any expenses directly attributable to the formation, operation or administration of any alternative investment vehicle utilized by the Funds as well as expenses related to any annual meeting of investors in a Fund.

**Allocation of Expenses**

OSP seeks to allocate expenses attributable to more than one Fund in a fair and equitable manner, taking into account the extent to which each Fund benefits from the particular product or service. Depending upon the nature of the expense, it could be allocated in proportion to the Fund's net asset value or the relative benefit derived by the Fund (or relative participation in an investment, if the expense is related to such investment), equally among all participating Funds or in another manner that OSP deems fair and equitable.

**Item 6 – Performance-Based Fees and Side-By-Side Management**

As described in Item 5 above, the general partners are eligible to receive performance-based compensation from investors in the Value Funds.

Performance-based fees in general (including the payment of Carried Interest at varying rates) create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. Generally, and except as may be otherwise set forth in the organizational documents of the Value Funds, this conflict is mitigated by (i) certain limitations on the ability of OSP to establish new investment funds, (ii) contractual provisions or policies requiring certain Funds and affiliates to purchase and sell investments contemporaneously, (iii) contractual provisions and procedures setting forth investment allocation requirements and limitations, and/or (iv) provisions requiring the general partners to invest a certain minimum amount in the Funds and restrictions on the distribution of performance compensation until after a preferred rate of return is achieved. Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by OSP.

### Item 7 – Types of Clients

All of OSP's clients are pooled investment vehicles that are privately offered to accredited investors (as defined in Regulation D promulgated under the Securities Act) and qualified purchasers (as defined in the Investment Company Act). The Funds impose minimum investment limits upon investors that may be waived by OSP in its sole discretion as set forth in the respective organizational documents.



## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

### **Investment Strategies**

#### ***Value Funds***

In its management of the Value Funds, OSP attempts to identify opportunities resulting from the dislocation of financial markets and related divestitures by regulators, municipalities, and corporations.

The primary objective of each Value Fund is to seek superior risk-adjusted returns with low correlation to traditional investment strategies by investing with a long bias in out-of-favor, orphaned, or distressed commercial and industrial credits, small and medium sized enterprises, and commercial real estate credits at a discount to fundamental value, typically at the senior secured level of the capital structure. However, on occasion, OSP may also invest in subordinated, mezzanine or equity levels of the credit's capital structure. Investments for the Value Funds will typically be limited to opportunities located in the United States and its territories and/or Canada as specified in the respective Fund's organizational documents.

OSP generally targets well-secured, cash flow positive borrowers, notes or properties that can be acquired at a discount to their intrinsic value (and therefore achieve attractive risk-adjusted returns) due to sellers' idiosyncratic regulatory or capital markets situations. Investments will also span sub-performing or under-collateralized borrowers, notes or properties acquired at an appropriate discount. OSP aims to manage both the credits and special servicing relationships necessary to unlock the potential intrinsic value of investments. From time to time, investments may include certain defunct borrowers, notes, or properties without any credible prospect of rehabilitation where the potential return for the Fund is predicated upon ancillary claims against guarantors, inter-creditor parties, or insurance companies or upon other administrative processes.

#### ***Impact Strategy***

In its management of the Impact Strategy, OSP seeks to identify profitable credit situations that generate tangible and measurable impacts in communities across the United States and its territories while achieving superior risk adjusted, fixed income returns.

### **Methods of Analysis & Risk Management**

OSP focuses on credit-intensive, fundamental value investing in private credits. OSP's view is that each investment is a compound strategy that focuses on (1) the underlying credit and (2) the servicing solution necessary to preserve or unlock potential value. OSP does not specifically target control of companies, but rather will seek active control of the resolution process. OSP

believes that its investment team's experience enables it to manage both the credits and special servicing relationships necessary to unlock intrinsic values and exploit servicing arbitrages.

OSP relies upon a variety of financial models and analyses to evaluate potential investment opportunities. Prior to submittal of a final bid for a particular investment opportunity, OSP creates approval documents that generally include the following:

- Investment approval sheet
- Scenario pricing sheet
- As applicable, a map and photos of the investment opportunity
- As applicable, large asset write-ups
- Cash flow model(s)
- Investment approval sign-off by OSP's Lead Investment Manager and Chief Investment Officer with operational and risk review acknowledgement by Chief Financial Officer, Chief Operating Officer, and Risk Manager.

Any proposed investments in excess of a Fund's investment threshold or trades that do not comply with a Fund's investment restrictions (both of which are referenced in the respective Fund's offering documents) require supplemental signature of the Risk Committee Chair.

Since many of the risks borne by the Funds are idiosyncratic, OSP's risk management process begins with opportunity identification and screening followed by due diligence scoping and execution, all led by the investment team and Chief Investment Officer.

OSP seeks to control portfolio risk via:

- diversification: diversification across investment strategies, instruments, geography, and time (meaning expected maturity, holding period, vintage of investment);
- leverage: non-recourse leverage may be selectively used to reduce a Fund's exposure to a specific concentration; and
- hedging: although private investments do not have perfect hedges, the firm may from time-to-time hedge interest rates, macroeconomics, and currency risk.

Ongoing risk analysis and operational controls are performed by the Risk Manager, Chief Financial Officer and Chief Operating Officer including review of performance versus underwriting expectations, measurement, identification and communication of exposure concentrations, liquidity monitoring, and scenario planning.

### **Primary Risks**

The following list of risk factors does not purport to be a complete itemization or analysis of the risks associated with investment in the Funds:

- An investment in the Funds is speculative and involves risk of loss of capital. No guarantee or representation is made that the Funds or any investment will achieve their investment objectives or be able to avoid loss.
- The Funds are not registered under the Investment Company Act. None of the investor protections or adviser restrictions provided under the Act will be applicable to the Funds.
- The Funds may be unable to make committed investments if any of its investors fail to make required capital contributions -- subjecting the Funds to potential damages for breach of contract.
- Interests are not assignable or transferable without the prior consent of the general partner, which consent may be withheld in the sole and absolute discretion of the general partner.
- Many of the investments OSP anticipates making on behalf of the Funds are without liquid market quotations and are therefore inherently uncertain, may fluctuate, and may be based on imperfect estimates. As a result, periodic determinations of fair value may differ materially from the values that would result if a ready market existed. There is no assurance or guarantee that the investment values that are recorded from time to time will ultimately be realized.
- Loans and loan portfolios generally entail bearing credit and interest rate risk and may also include idiosyncratic transaction risks such as improper recordation of liens, incomplete documentation, inability to secure title, servicing transfer error, and ineffective loan servicing. Lender liability risk exists to the extent a noteholder (or its agent) exercises inappropriate control over a debtor, resulting in subordination or counterclaims that could exceed the value of the original investment. Real estate related risks include failure to perform as expected including operating and leasing expectations,

timing and value of sales, changes in local economic conditions or supply-demand equilibrium, changes in interest rates or availability of mortgage financing, government laws or regulations, as well as various uninsured risks such as acts of God or natural disaster.

- The Funds' investments may involve high-risk positions, may be illiquid, may be in distressed investments and may involve highly speculative investment strategies. Markets for Funds' investments may fluctuate with changes in the yield curve, credit spreads, general economic conditions, particular industry performance and the financial markets in general, among other things. Furthermore, while it is expected that Funds' investments will be liquidated by OSP through sale or redemption, OSP may cause the Funds to distribute in-kind the Funds' investments, including loans, or participations therein to investors upon dissolution of a Fund.
- The availability of investment opportunities will be subject to market conditions and in some cases the prevailing political or regulatory climate. There is no assurance the Funds will be able to invest all of its capital in opportunities that satisfy the Funds' investment objective.
- While OSP monitors the risk of the Funds' portfolios, a Fund could become heavily concentrated in one industry, sector, strategy or geographic region and such concentration could increase losses suffered by the Fund.
- The Funds may invest in assets jointly with third parties including special servicers, property managers or other investors who participate in the identification, acquisition, renovation, or other activities related to investments for the Funds.
- The Funds rely upon a variety of financial models and analyses to evaluate its investment opportunities. To the extent a model is inaccurate or is predicated upon incorrect assumptions or judgment, the Funds can suffer losses.
- The Funds will make investments for which no liquid and efficient market exists such that the market is volatile and the Funds may not be able to sell such investments when it desires or a price it perceives to be fair value.

**Significant Fund Investment Strategy Risks**

- *Investments in Distressed Companies:* A portion of the Funds' investments may consist of credits of companies that are experiencing operational, financial, or other difficulties. There is no assurance that any of the credits of distressed companies in which the Funds invest will achieve a level of profitability over any immediate or extended period of time. There is also no assurance that the Funds will be able to exit successfully or in a timely fashion from its Investments.
- *Bank Loans:* Bank loans acquired by the Funds may consist of out-of-favor or orphaned loans and participations originated by banks and other financial institutions, be below investment grade and may not be rated and may have limited resale potential. As a result, unless OSP is able to identify an exit strategy on behalf of the Funds, it may be required to hold such loans for extended periods.
- *Commercial Mortgage Loans:* A portion of Fund investments may consist of both owner-occupied and non-owner-occupied commercial mortgages on real property or interests therein having a multifamily or commercial use. Commercial mortgages are subject to particular risks, including lack of standardized terms, shorter maturities than residential mortgage loans and payment of all or substantially the entire principal only at maturity rather than through regular amortization of principal. Additional risks may be presented by the type and use of a particular commercial property.
- *High-Yield Securities:* A portion of Fund investments may consist of investments characterized as "high-yield securities". Such securities are generally rated below investment-grade by one or more nationally recognized statistical rating organizations or will be unrated but of comparable credit quality to obligations rated below investment-grade and have greater credit risk and liquidity risk than more highly rated obligations. High-yield securities are generally unsecured and may be subordinate to other obligations of the issuer.
- *Residential Mortgage Loans:* A portion of Funds investments may consist of mortgage loans secured by residential properties. The ability of a consumer borrower to repay a mortgage loan secured by residential property is typically dependent primarily upon the income or assets of the borrower.
- *General Real Estate Risks:* Real property investments are subject to various risks. The return from investments in real estate depends on the amount of income earned and capital appreciation generated by the relevant properties as well as the expenses incurred

by such properties. If any of the Funds' real estate related credits do not generate income sufficient to meet operating expenses, the Funds' investments could be adversely affected.

- *Bankruptcy Proceedings:* Given the nature of the Funds' Investments, the issuers of certain private credits may become the subject of non-consensual (or consensual) bankruptcy proceedings, some of which may be unexpected. In such situations, the Fund's investments may be impacted by decisions of bankruptcy courts which challenge the enforceability of any collateral held by the Funds, or which may be otherwise materially adverse to the Funds. In addition, the Funds may be materially adversely affected by the duration of the bankruptcy process.
- *Cyber Security Breaches and Identity Theft:* Cyber security breaches and identity theft includes the risk of significant interruptions to the operations of OSP and the Funds, and the risk that the security of sensitive data could be compromised (including confidential information relating to investors and their beneficial owners).

**Investors should review each relevant Fund's offering documents for a full description of the various risks faced by the Fund in executing its investment strategy. Investing in securities involves risk of loss that clients and Fund investors should be prepared to bear.**

### Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of OSP or the integrity of OSP's management. OSP has no disclosures applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

OSP serves as the investment manager of the Funds and affiliated entities serve as the general partners of the Funds. OSP, its affiliates, employees and/or their related persons have an economic interest in the Funds. It should be noted that investments in the Funds made by such persons may not be subject to the management fees and/or performance-based fees.

OSP is under common control with three affiliates: (i) AmeriNational Community Services, LLC (“AmeriNat”), a Minnesota-headquartered loan servicing, asset management, and financial services company; (ii) American Deposit Management, LLC (“ADM”; together with AmeriNat, “Affiliated Companies”), a Wisconsin-based treasury, cash management, and registered municipal advisor; and (iii) OSP Insurance, LLC, a licensed captive insurance company (together with AmeriNat and ADM, the “Affiliated Companies”). AmeriNat currently provides services to the Funds and unaffiliated entities, while ADM and the captive insurer do not currently provide services to the Funds but may do so in the future.

OSP derives a financial benefit from the Affiliated Companies. Consequently, when choosing a service provider OSP has an incentive to recommend or select an Affiliated Company because of its financial or other business interest despite whether an unaffiliated provider is more qualified to provide the applicable services and/or can provide such services at a lesser cost. However, this conflict may be tempered by the detriment poor performance or the inability to perform would cause to the serviced assets or portfolios resulting in reduced performance of the Value Funds and thus the fees earned. Similarly, conflicts could arise if an Affiliated Company breaches its servicing agreement, or otherwise fails to perform its responsibilities adequately, resulting in harm or damages to the Value Funds. In this type of situation OSP would have a potential conflict in determining what action to take against an Affiliated Company, if any.

In order to mitigate these conflicts, OSP monitors the performance of all asset managers and other key service providers and conducts periodic audits to ensure compliance with performance targets and contractual obligations. OSP applies the same standards in considering and monitoring Affiliated Companies as it does when considering and monitoring unaffiliated key service providers.



### Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

OSP has adopted a Code of Ethics (“Code”) designed to address and prevent potential conflicts of interest as required under Rule 204A-1 of the Investment Advisers Act of 1940 (“Advisers Act”). The Code describes OSP’s high standard of business conduct and fiduciary duty to its advisory clients. The Code includes, among other items, provisions relating to the confidentiality of client (including investors in the Funds) information, prohibition on insider trading, prohibition of spreading rumors, restrictions on the acceptance of extravagant gifts and entertainment, the reporting of certain gifts and business entertainment, and personal securities trading procedures. All supervised persons at OSP must acknowledge the terms of the Code annually.

The Code is designed to ensure that the personal securities transactions, activities, and interests of OSP’s Access Persons will not materially interfere with (i) making decisions in the best interest of the Funds and (ii) implementing such decisions while, at the same time, allowing Access Persons to invest for their own accounts. Further, the Code specifies that Access Persons (i) will not trade either in their personal accounts or on behalf of clients on the basis of material non-public information, and (ii) will refrain from trading in securities that the Chief Compliance Officer and management deem to pose a potential conflict of interest. Under the Code certain classes of securities and transactions have been designated as exempt securities or transactions based upon a determination that these would not materially interfere with the best interest of clients. In addition, the Code requires pre-clearance of certain transactions such as IPOs and limited offerings. Employee trading is monitored by the Chief Compliance Officer or his delegate, to reasonably detect and prevent conflicts of interest between OSP and its advisory clients.

Among others, the Code requires supervised persons to:

- Comply with the federal securities laws, certify that they have read and understand the Code and report any violations of the Code to the Chief Compliance Officer; and
- Not inappropriately use their position for a personal benefit.

Employees who violate the Code and OSP’s Compliance Manual may be subject to disciplinary action including, but not limited to, written warnings, fines, and termination of employment.

OSP will provide a copy of its Code of Ethics to any investor or prospective investor in the Funds, upon written request made to the Chief Compliance Officer, at OSP’s main office location.

**Participation in Client Transactions**

OSP and the affiliated general partners have pecuniary interests in the Funds and receive a management fee and a performance allocation, respectively, for their services to the Funds. OSP, its employees, or related persons may also invest directly in the Funds, and such investments typically are not subject to the management fee or incentive allocation described in Item 5 above. The fact that OSP, its affiliates, and related persons have a financial ownership interest in the Funds creates a potential conflict in that it could cause OSP to make different investment decisions than if there was no such financial ownership interest. Further, OSP charges its clients fees based on a percentage of assets under management and performance via incentive allocation. The management fee is payable without regard to the overall success or income earned by Funds. The receipt of a performance allocation may create an incentive for OSP to make investments that are riskier or more speculative than it otherwise would.

Moreover, at any time, OSP may, in its sole discretion, provide one or more investors or other persons with the opportunity to co-invest on a side-by-side basis with a Value Fund on such terms as OSP deems appropriate. Any offer to participate in a co-investment opportunity may be made to such persons (and only such persons) in such proportions and on such terms as OSP shall determine in its sole discretion. Investing in a Value Fund does not guarantee any right to participate in any co-investment opportunities.

**Conflicts of Interest**

OSP, its Principals, and other related persons engage in a broad range of activities, including investment activities for their own account. OSP and its Principals may make investments apart from the Funds, which for regulatory and/or investment strategy reasons are not appropriate for the Funds. Any such investments will be disclosed to the Fund or its Advisory Committee (as described below). Furthermore, unless otherwise disclosed to a Fund or its Advisory Committee, neither the Adviser nor any of its related persons recommend to any Fund investments in which the Adviser or any of its related persons have a material financial interest.

In the ordinary course of conducting its activities, the interests of a Fund will, from time-to-time, conflict with the interests of the Adviser, other Funds, or their respective affiliates and investors. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

**Resolution of Conflicts**

In the case of all conflicts of interest, OSP's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, in its sole discretion. In resolving conflicts, OSP will consider various factors, including the interests of the applicable Fund(s) or investors with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors mitigate, but will not eliminate, conflicts of interest:

- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the organizational documents for the Funds;
- The general partner of a Fund has established an Advisory Committee composed of representatives of Fund investors. While the Advisory Committee will not have a direct role in management of a Fund, the Advisory Committee may be consulted with respect to transactions involving conflicts of interest;
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- In addition, certain provisions of a Fund's organizational documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

**Allocation of Investment Opportunities**

OSP may pursue investment opportunities that are suitable for one or more Funds. In the allocation of investment opportunities, OSP strives to provide equal and fair treatment to all clients consistent with its fiduciary duty. In particular, investments may not be allocated to one client over another in order to, among other things: (i) favor one client at the expense of another; or (ii) generate higher fees paid by one client over another or produce greater performance compensation. To mitigate conflicts related to the allocation of investment opportunities, OSP has adopted an allocation policy (the "Allocation Policy"), which is available to current and prospective investors. OSP will consult with the respective Advisory Committee(s) regarding any proposed allocation of an investment opportunity that differs from the Allocation Policy.

## Item 12 – Brokerage Practices

In the event that a Fund investment must be executed by a broker-dealer, OSP is authorized to select the executing broker-dealer in its sole discretion. In such situations, OSP will take into account certain factors, including without limitation: completing prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the level of trading expertise for the particular type of investment at hand; the operational efficiency with which transactions are made, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker. OSP is not required to weigh any of these factors equally. OSP attempts to minimize portfolio transaction expenses. Although OSP generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent.

Fund transactions may involve specialized services or distinctive sourcing considerations on the part of the broker, resulting in potentially higher commissions than would be the case with transactions requiring more routine services. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates and other services that will help OSP in providing investment management services to the Funds. The limited availability of a particular investment may also impact the selection of a broker-dealer and the related commission. On an infrequent basis, OSP may receive research from broker dealers through whom Fund transactions are placed; however, OSP does not "pay up" for any such research and does not factor the receipt of research into its decision-making with respect to Fund transactions. Furthermore, OSP does not engage in any soft dollar arrangements with respect to Fund transactions.

## Item 13 – Review of Accounts

### **Account Reviews**

OSP closely monitors the investment portfolios of the Funds. In addition to day-to-day management, the Firm meets for portfolio review on a quarterly basis to review historical performance, forward-looking projections, and underlying assumptions for each of the investments of the Funds. The Investment Committee also meets at least annually to review investment policies, objectives, strategies, guidelines, and targets of each Fund.

OSP continues to evaluate each of the Funds' investments once they are made, including continued liquidity analysis, assessment of return profile and further development or revision of potential exit opportunities. This analysis typically includes:

- An income statement analysis
- Balance sheet analysis
- Cash flow/liquidity management
- Macro risk evaluation

### **Investor Reports**

OSP provides quarterly unaudited financial statements for the Funds to investors. In addition, these reports may include portfolio holdings and performance information. Investors in the Funds also receive audited annual reports. Please see Item 15 for additional information with respect to custody of assets.

#### Item 14 – Client Referrals and Other Compensation

OSP does not receive any monetary compensation or any other economic benefit from a non-client for the Adviser's provision of advisory services to a client. The Adviser does not compensate any third party for client referrals.

**Item 15 – Custody**

OSP and/or the affiliated general partners are deemed to have custody of the Funds by virtue of their status as investment manager and general partner, respectively. All assets and securities of the Funds are held by qualified custodians with the exception of assets that are considered to be “privately offered securities” under Rule 206(4)-2(b) of the Advisers Act.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, OSP reasonably believes that all investors will be provided with audited financial statements, prepared by an independent accounting firm that is registered with, and subject to review by, the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Funds’ fiscal years (i.e., generally by April 30th). Investors should carefully review such audited financial statements.

**Item 16 – Investment Discretion**

In accordance with the terms and conditions of the Funds' organizational documents and investment management agreements, OSP generally has discretionary authority to determine the investments and the amounts to be bought or sold on behalf of the Funds and to perform the day-to-day investment operations of the Funds.

OSP's authority to manage the Funds is in all cases subject to the objectives, guidelines, and limitations set forth in the applicable Fund organizational documents. Investors in the Funds do not have the ability to impose limitations on OSP's discretionary authority.



### Item 17 – Voting Client Securities

OSP has implemented policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 of the Advisers Act. OSP does not generally acquire Fund investments in public equity securities and therefore does not generally receive proxies on behalf of clients. However, from time-to-time, OSP receives proxy statements for some Fund investments, and on occasion is required to vote on specific matters related to a holding, whether private or public. While the Firm typically votes in line with management recommendations, each vote is analyzed on an individual basis, with determinations based on each issue's circumstances and the best interests of the Funds. OSP has full discretion to vote proxies, and, as such, OSP does not seek investor approval or direction when voting proxies.

Prior to executing its voting authority, OSP will determine whether a proxy may pose a material conflict of interest between the interests of the firm, its employees, or affiliates and those of the Funds. If a material conflict exists, OSP will ensure it takes steps to ensure that its voting decision is based on the best interests of any applicable Fund, which may include without limitation seeking the advice of applicable Advisory Committee(s) or a third-party proxy advisor. The Chief Compliance Officer is responsible for overseeing the voting of proxies where a potential material conflict has been identified.

Investors in the Funds may obtain a copy of the OSP Proxy Voting Policies and Procedures and/or information regarding how proxies were voted by contacting the Chief Compliance Officer:

Adam Bernier, Chief Compliance Officer

Address: 5050 France Ave. South  
Edina, Minnesota 55410

Email: Adam.Bernier@osp-group.com

Phone: 612-770-7050

**Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about OSP's financial condition. OSP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its advisory clients and has not been the subject of a bankruptcy proceeding.