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Part 2A Brochure of Form ADV

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This brochure provides information about the qualifications and business practices of Freedom 3 Capital, LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact Daniel Tamkin, Chief Operating Officer and Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3.com. 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 Adviser is also available on the SEC’s website at: www.adviserinfo.sec.gov.

The Adviser is a registered investment adviser with the SEC. Registration of an investment adviser with the SEC does not imply any level of skill or training nor does it in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise.



Item 2. Material Changes

This section provides a summary of material changes that were made to this brochure since the last annual update on March 16, 2023.

Item 4 – We have updated our disclosure to reflect the Adviser’s closure of its Dallas office located at 1722 Routh Street, Suite 900 Dallas, TX 75201 and consolidation its investment team into its Kansas City, MO office.

Item 4 – We have updated our disclosure regarding the Adviser’s services as the subadviser to an Insurance Dedicated Fund designated as a separate series of a multi-series pooled investment vehicle (the “F3C IDF”). See Item 4 below for additional information.

Item 5 – We have updated our disclosure regarding the Adviser’s compensation for its subadvisory to the F3C IDF. We have also updated our disclosure to provide additional information on our Account management fees and how we allocate certain fees and expenses to clients. See Item 5 below for additional information.

Item 6 – We have updated our disclosure to provide additional information regarding our policy on side-by-side management and allocation of investment opportunities. See Item 8 below for additional information.

Item 8 – We have updated our disclosure to include additional risks regarding our valuation policy and certain regulatory risks that could have an effect on our business and clients. See Item 8 below for additional information.

Item 10 – We have updated our disclosure to include information regarding the affiliation between certain Fund lenders and our Account Clients and Funds. In particular, certain Account Clients and Fund investors are affiliated with a group of insurance companies under common ownership who provide leverage facilities to other Clients, which could create the appearance or existence of a conflict of interest. See Item 10 below for additional information.

Item 11 – We have updated and expanded our disclosure regarding cross transactions and transactions with third parties, including loan syndication and warehousing, and how we address the conflicts of interest those transactions present. See Item 11 below for additional information.

In the future, this Item will discuss only those specific material changes that are made to this brochure since our last annual update and will provide clients with a summary of such changes. It will also reference the date of the last update of this brochure. Pursuant to SEC Rules, we will further provide clients with a new brochure, within 120 days of the close of our business’ fiscal year without charge, based on changes made to this brochure or new information as it pertains to the Adviser. Currently, our brochure may be requested by contacting Daniel S. Tamkin, Chief Operating Officer and Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3.com.

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Item 4. Advisory Business

The Adviser was organized in 2013 to provide investment management services to investors in the private credit market. The Managing Members of the Adviser, Jason Block, Erik Glover and Daniel Tamkin own a majority of the equity of the Adviser and constitute a majority of the Adviser's Investment Committee.

The Adviser manages the following private investment funds: Freedom 3 Investment II, LP ("Fund 2"), Freedom 3 Investments Rated, LLC (the "Fund 3 Feeder"), Freedom 3 Investments III, LP ("Fund 3") (with and without the Fund 3 Feeder), F3 2018 Feeder, LLC (the "2018 Fund"), F3 Investments IV Rated Feeder-A, LLC ("Feeder A"), F3 Investments Rated IV Feeder-B, LLC ("Feeder B"), Freedom 3 Investments IV, LP (with and without Feeder A and Feeder B ("Fund 4"), F3C 2019 SPV, LLC (the "2019 SPV"), Freedom 3 Liquidity Fund, LP (the "LQ Fund"), F3 Senior Finance, LLC (the "Senior Fund"), F3 Investments Rated V, LLC ("Fund 5 Feeder"), and Freedom 3 Investments V, LP (with and without Fund 5 Feeder "Fund 5") are sometimes referred to collectively as the "Funds". Freedom 3 GP II LLC ("Fund 2 GP"), Freedom 3 GP III, LLC ("Fund 3 GP"), F3 2018 GP, LLC ("2018 GP"), Freedom 3 GP IV LLC ("Fund 4 GP"), Freedom 3 LF GP, LLC (the "LF Fund GP"), F3 Senior Fund MM, LLC (the "Senior MM") and F3 GP V, LLC ("Fund 5 GP") are sometimes referred to collectively as the "General Partners". Furthermore, the Adviser also provides investment advice to institutional investors, in some cases alongside the Funds ("Accounts"). Certain investments owned by the Funds and Accounts are held via special purpose vehicles ("SPVs") managed by the Adviser or one of the General Partners. Five of these SPVs, F3C Dental, LLC, F3C Foods, LLC, F3C AK, LLC, F3 Baseball, LLC and F3C WISP, LLC, are our advisory clients and are included in references to the term Funds as defined above.

The Adviser also serves as the discretionary subadvisor to a series of the Spearhead Insurance Solutions IDF, LLC, designated as the Series F3C (d/b/a Freedom 3 Insurance Dedicated Fund), ("F3C IDF"). Except as otherwise expressly provided herein, F3C IDF is included in references to the term Funds as defined above. Interests in F3C IDF are only offered to insurance company investors on behalf of certain of their segregated separate accounts that fund certain variable life insurance contracts.

Funds and Accounts are referred to collectively as ("Clients"). Funds and Accounts, except the Senior Fund, the LQ Fund, F3C IDF and one Account for an insurance company are referred to as "Mezzanine Clients" investing primarily in Mezzanine Assets (secured notes, unsecured notes, uni-tranche debt and preferred and common equity. The Senior Fund, the LQ Fund, and one insurance company Account are referred to from time to time as "Senior Clients" and invest in Senior Assets (first lien loans and notes). The business of underwriting and monitoring Senior Assets is referred to as the "Senior Business" and the business of underwriting and monitoring Mezzanine Assets is referred to as the "Mezzanine Business". F3C IDF is referred to simply as the "F3C IDF" as it can invest in both Mezzanine and Senior Assets as well as in other assets as determined by the Adviser from time to time.

As of December 31, 2023, the total regulatory assets under management with the Adviser was \$1,114,082,236, all of which are on a discretionary basis. All Accounts are treated as discretionary accounts since the Adviser either has full discretionary power or otherwise controls the right to vote or sell, has full responsibility for monitoring and securing information, providing input to, or

interacting with and making similar decisions with respect to Account securities, even though the Adviser does not have authority to decide which securities to purchase for those Accounts.

The Adviser primarily invests the Clients in private credit instruments, warrants and common and preferred stock of middle market companies in North America with approximately \$10 million to \$70 million of EBITDA and enterprise values generally between \$100 million and \$1 billion. The Adviser seeks to invest in companies with leading or highly defensible market positions led by strong management teams.

Investments are recommended by the Adviser and determined by the General Partners in the case of the respective Funds. Currently the Adviser does not have the unilateral discretion to select investments for any Account but rather will recommend an investment for an Account after determining that any suitable Fund has been allocated the amount deemed appropriate by the Adviser. If and when the Adviser has discretion to select investments for Accounts, investments are allocated among the Accounts and Funds based on certain criteria including length of the investment period (e.g., one, two or three years) and the expected number of total investments for each Account and Fund over their respective investment periods. Once an investment is made, the Adviser has discretionary authority over the investments made through the Account and by the Funds.

The Advisers expects it will invest F3C IDF in certain Funds. In doing so, the Adviser will determine whether the F3C IDF should be allocated an investment to hold directly as well alongside one or more Funds considering factors the Adviser deems appropriate including diversification requirements for F3C IDF and the potential for over-exposure to an investment if F3C IDF were to hold an investment both directly and through a Fund. See Item 6 below for additional information regarding the allocation of investment opportunities.

Since the Adviser does not provide individualized advice to the investors in the Funds, prospective investors in the Funds must consider whether the Funds meet their investment objectives and risk tolerance prior to investing. Information about the Funds can be found in their applicable private placement memorandum (or equivalent disclosure document), limited partnership agreement, limited liability company agreement or similar organizational document, Management Agreement and/or Investment Subadvisory Agreement (collectively, "Governing Documents"). ***The information provided above about the investment advisory services provided by the Adviser is qualified in its entirety by reference to the relevant Fund's applicable Governing Documents.*** The Funds have relied on certain registration exemptions available under the Investment Company Act of 1940, as amended, and the Securities Act of 1933, as amended. Therefore, this brochure is designed solely to provide information about the Adviser and should not be considered to be an offer of interests in the Funds or in any other investment vehicle managed by the Adviser or its affiliates. The Adviser does not participate in wrap fee programs.

Item 5. Fees and Compensation

Fund Management Fees (for all Funds except F3C IDF).

As more specifically set forth in the Governing Documents for the Funds, Fund 2 pays the Adviser an annual management fee, payable quarterly in advance, equal to 1.0% per annum of the lesser

of cost or net asset value of the Fund's portfolio as a result of step-downs due to termination of their investment periods and raising of successor Funds; Fund 3 Fund 4 and Fund 5 will pay the Adviser an annual management fee, payable quarterly in advance, equal to 1.5% per annum of the aggregate capital commitments of investors during the Fund's investment period, and 1.5% per annum of the lesser of cost or net asset value of the Fund's portfolio after the investment period; the LQ Fund will pay the Adviser an annual management fee, payable quarterly in advance equal to the lesser of 0.25% of (i) cost basis of the LQ Fund's assets and (ii) gross asset value of the LQ Fund; and the Senior Fund will pay the Adviser an annual management fee, payable quarterly in advance, equal to 0.25% of gross assets increasing to 0.5% when, as and if the Senior Fund enters into a permanent senior secured credit facility. The Adviser and the General Partner to a particular Fund can waive or reduce fees payable by any Fund. None of the SPVs pay management fees.

The Funds' management fees are offset by 100% of all directors' fees, transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees or other similar fees received by the Adviser, the respective General Partners or any of their respective affiliates from any portfolio investment, net of any unreimbursed expenses, such offset in each case being relative to each Fund's respective investment in such portfolio investment.

The Funds have borne all legal and other expenses incurred in the formation of the Funds (other than any placement fees) ("Organizational Expenses"), up to an amount not to exceed \$250,000 for Fund 2, \$450,000 in the case of Fund 3, \$500,000 in the case of Fund 4 and Fund 5 and \$200,000 in the case of each of the LQ Fund and Senior Fund. Organizational Expenses more than this amount, and any placement fees, may be paid by the Funds but borne by the Adviser through a 100% offset against the management fee of the relevant Fund. The 2018 Feeder paid the Adviser a one-time organizational fee which is not offset against any management fees. Organizational Expenses of the SPVs are not subject to offset since the SPVs do not pay management fees.

The Funds are also responsible for all other expenses attributable to its operations, including, but not limited to:

- the fees and expenses relating to consummated portfolio investments, unconsummated investments, indebtedness (including interest thereon), guarantees and temporary or short-term investments, including the evaluation, acquisition, holding and disposition thereof, to the extent that such fees and expenses are not reimbursed by a portfolio company or other third party.
- premiums for insurance protecting the Funds and any indemnified parties from liabilities to third parties in connection with the Funds' investment and other activities.
- legal, custodial, auditing, bookkeeping and accounting expenses, including expenses associated with the preparation of the Funds' financial statements, tax returns and Schedule K-1s (or equivalent) and the representation of the Funds or its partners by the tax matters partner, including expenses paid or incurred in connection therewith.
- banking and consulting expenses.
- appraisal and valuation expenses.
- expenses related to organizing persons through or in which portfolio investments may be

made.

- costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles.
- taxes and other governmental charges, fees and duties payable by the Funds.
- indemnifiable claims, losses and damages.
- costs of reporting to the partners and of each annual meeting of partners and the meetings of the limited partner advisory board (including, without limitation, expenses of the limited partners incurred in connection therewith or in the attendance thereof).
- costs of winding up and liquidating the Funds; and
- all annual registration fees and registered office fees and expenses.

The General Partners, each an affiliate of the Adviser, are entitled to receive performance fees in the form of carried interest on the profits of the respective Fund; provided, no carried interest is allocated at the SPV level. The Adviser is entitled to receive performance or incentive fees on the profit generated by the Accounts on a case-by-case basis subject to the terms agreed to for each Account. See Item 6 below.

Account Management Fees.

Compensation to the Adviser from the Accounts involves, and will involve for Accounts established in the future, a similar structure as that of the Funds but will be negotiated on a case-by-case basis and may in some cases be lower than the compensation paid by the Funds. In some cases in lieu of receiving an incentive fee and a management fee based on the values of Account assets, the Adviser retains a portion of the purchase price discount, closing or origination fee on an investment (or portion thereof) (commonly referred to as “OID”) purchased for the Account. Account Clients also pay performance-based fees based on a return over a preferred return on the Client’s investment.

Fees and expenses may be deducted from the assets of the Accounts and the Funds. Except for the payment of quarterly management fees in advance, no fees are required to be paid in advance, but will be calculated quarterly.

F3C IDF Subadvisory Management Fees.

In consideration of its sub-advisory services with regards to F3C IDF’s direct investments only, the Adviser is paid 1.5% per annum of the aggregate Net Asset Value of F3C IDF’s Class A Interests. The Adviser is also entitled to a performance fee of 20% for only direct investments held by Class A Interests, subject to certain conditions as set forth in the F3C IDF Governing Documents. See Item 6 below.

The Adviser does not receive fees directly from F3C IDF on any F3C IDF assets invested in any Fund; however, the Adviser will receive management fees and performance fees in accordance with the Fund Governing Documents.

Allocation of Expenses.

Generally, investments are structured with the borrower or issuer bearing responsibility for transactions costs and expenses. While the Adviser seeks to obtain reimbursements from borrowers and issuers, expenses not covered by them are allocated to Clients in accordance with their Governing Documents and Account advisory agreements.

In limited situations where third party expenses incurred in connection with underwriting or monitoring an investment are not reimbursed by the portfolio company, the Adviser will allocate those expenses to the Funds and/or Accounts that invest therein based on pro rata committed capital, relative investment in the investment by Clients with respect to which the expense is incurred, each Client's relative demands that may have impacted the amount of any expense and/or such other criteria as the Adviser deems fair and reasonable and in accordance with the applicable Client agreement and Fund Governing Documents.

Account Clients with no committed capital available are responsible for conducting their own due diligence to evaluate investment opportunities the Adviser presents to them, which is separate from the Adviser's due diligence on the same investment. Those Account Clients are responsible for bearing the costs associated with their due diligence. In some cases, the Adviser may agree on behalf of such Client to pay and seek reimbursement for such costs (e.g., for fees for legal due diligence incurred at the instruction of, and for the benefit of, the Client); provided, however, those costs are not treated as shared fees and expenses notwithstanding the fact that the Adviser is separately conducting due diligence on the same investment on behalf of other Clients.

Broken Deal Expenses.

The Adviser attempts to seek reimbursement for expenses related to underwriting and/or monitoring investments from the borrower/issuer which includes legal, accounting, diligence and other advisory, travel and entertainment and other expenses. To the extent such expenses are not reimbursable or reimbursed (either because a transaction is not consummated or otherwise), the Adviser will allocate them to Funds and other Clients with capital committed to make such an investment and/or amounts invested in such investment and/or that have otherwise agreed to share in expenses in accordance with the Adviser's policies.

Item 6. Performance-Based Fees and Side-By-Side Management

As more specifically set forth in the limited partnership agreement and the related management agreements for the Funds, in the management agreements for the Accounts and in the F3C IDF Adviser's Form ADV, the General Partners and the Adviser, as applicable, are entitled to receive performance fees in the form of carried interest or an incentive fee; provided, no carried interest is allocated at the SPV level. In the case of the Funds, this fee is equal to 20% of the Funds' profits, which includes a catch-up provision for the 6.25% preferred return (amended to 8% for Fund 3 and 8% for the 2018 Fund, Fund 4 and Fund 5). The LQ Fund involves a more complicated tiered structure of hurdles and performance fees up to 30%. The Senior Fund will pay the Adviser 20% of profits after an 8% preferred return to the holders of its junior subordinated notes in the form of cash interest. The fee structure for the Accounts is similar but may involve arrangements more or less favorable than secured by the Funds. In the case of F3C IDF, with respect to direct investments

only, the Adviser will be paid a performance fee with respect to each capital account, on a capital contribution by capital contribution basis, in an amount which, when aggregated with payments of performance fee previously made in connection with such capital contribution, is equal to 20% of the cumulative net appreciation in such capital account, subject to an 8% highwater mark.

As a result, the Adviser, its principal(s), and/or affiliate(s) may have conflicts of interest in: (i) allocating their time and activity among the Funds; (ii) allocating investments among the Funds; and (iii) effecting transactions among the Funds, including ones in which the Adviser, its principal(s), and/or affiliate(s) may have a greater financial interest. The payment of performance-based fees at varying rates among the Funds could create an incentive for the Adviser and/or its affiliate(s) to disproportionately allocate time, services, or functions to Funds paying performance-based fees at a higher rate, or to allocate investment opportunities to such Funds with respect to investments with limited availability such as small capitalization securities.

The Adviser's policies and procedures address and mitigate these potential conflicts of interest to ensure that transactions and investment opportunities are allocated to current and future Clients on a fair and reasonable basis.

Side-by-Side Management.

The Adviser and its affiliates sponsor and manage Clients with investment objectives substantially similar to those of the existing Funds and Accounts (collectively with the Existing Account, the "Similar Client Accounts" and each, a "Similar Client Account"). In so establishing, the Adviser intends to invest the committed capital of each Fund and any such Similar Client Accounts generally will be made *pari passu* and on a pro rata basis in accordance with invested capital, except in limited cases of warehoused investments. Please see Item 11 below for additional information regarding warehousing. Dispositions may not be made on a pro rata basis if necessitated by the obligation of any such Similar Client Account to redeem the interests of an investor in such entity or Account; (ii) the sale is being made for a specific tax purpose; or (iii) for any other reason the Adviser determines in good faith that such disposition is appropriate, subject to its fiduciary duty and applicable Similar Client Account agreement and Fund Governing Documents.

Allocation of Investment Opportunities.

When allocating investment opportunities among Clients, factors that will be considered by the Adviser include, but are not limited to:

- Available committed capital from a Client;
- Any proscribed remaining investment period;
- Any proscribed per investment limitation, industry limit or similar policy that has been requested by a Client and accepted by the Adviser;
- Portfolio construction of each Client (e.g., in the Company's judgment a Client already has sufficient exposure to an industry, or non-cash paying coupon and/or equity exposure; etc.);

- Generally, where two Funds (other than the F3C IDF) are to purchase the same investment, the Fund that has terminated its fundraising but is still in its investment period will take a full allocation and the subsequent Fund, if its ultimate size is still unknown, will take a half allocation, or as close to that as is practicable. If the Fund that has terminated its fundraising does not have sufficient available capital to take a full allocation (e.g., 15% of its portfolio) than the subsequent Fund can take the larger allocation without regard to how much the prior Fund is able to purchase;
- In situations where one Fund (other than the F3C IDF) is invested in another Fund, when considering how to allocate an investment as between those two Funds, inasmuch as the former Fund participates in all investments by the latter Fund, the Adviser will (a) first, allocate the full amount deemed appropriate for the latter Fund and (b) second, consider a direct allocation of any or all of the excess amount to the former Fund if there is additional funding required; and
- In the event that a Client other than a Fund (or the F3C IDF) also has committed capital applicable to a proposed investment (“Available Committed Capital”) to be made by a Fund, the Adviser will allocate a portion of that investment in accordance with the provisions set forth above alongside the Funds. If a portion of an investment is not allocated to a Fund or other Client with Available Committed Capital than the Adviser will first offer that investment opportunities to the F3C IDF and investors of such Private Fund who have a contractual right to participate in co-investment (if more than one, pro rata to their investments in such Fund) and then the Adviser may offer that investment opportunity to any Account Client with no Available Committed Capital and any other third party who may or may not pay the Adviser compensation related to that investment.
- With respect to the F3C IDF, the Adviser is not required to consider available capital or other factors normally used for allocation amongst Clients but rather will consider (i) after the initial allocation of the investment opportunity amongst other Clients with Available Committed Capital, whether there is an additional investment opportunity available; (ii) the extent to which the F3C IDF is invested in one or more Funds that will also be investing in an investment; (iii) whether the additional exposure to the investment will assist the Insurance Dedicated Fund in satisfying IRS diversification requirements); and (iv) other factors deemed relevant by the Adviser.
- Any other consideration deemed relevant by the Adviser.

Except with respect to co-investment vehicles, no person (including any limited partner or other investor of any Client) other than a Client should have any expectation of receiving an investment opportunity or will be owed any duty or obligation in connection therewith, and Clients (and their respective limited partners, shareholders or other investors) should only have such expectations to the extent required by their client agreements and Fund Governing Documents.

Mezzanine Clients and Senior Clients do not compete for originations. Most Senior Assets purchased for Senior Clients are originated by the investment team from club deals or the “street” or in a Mezzanine Asset transaction originated and structured by the investment team, which also requires a certain amount of senior debt.

Furthermore, except as may be otherwise set forth in the Fund Governing Documents, generally conflicts among the Funds are mitigated by provisions in the Fund Governing Documents that address side-by-side management by imposing certain limitations on the ability of the Adviser to establish new Funds. In light of the manner in which the Adviser conducts its business, including the fact that all of the Adviser's annual management fees are offset pro rata against by consulting fees or other fees received by the Adviser from investments, the risk of potential conflicts of interest should be minimized.

Item 7. Types of Clients

The Adviser seeks Accounts from insurance companies and other institutional investors.

Investment in the Funds is only available to "accredited investors" (as that term is defined under the rules promulgated under the Securities Act of 1933, as amended) consisting of friends and family of the Adviser, as well as family offices and other sophisticated investors. The Funds have a specified minimum investment amount as set forth in the applicable Governing Documents. The Adviser or the respective General Partners (or in the case of F3C IDF, Spearhead Administrative Services, LLC and/or its affiliates) have discretion to permit investments below the specified minimum with respect to any investor.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis.

The Adviser will gather intelligence from an array of industries and from market participants such as private equity firms, investment and commercial banks, transaction advisors and investors in the senior lending and the high yield bond markets. The Adviser will also rely on its external contacts consisting of past business associates and other individuals who will have had experience operating businesses in different industries.

Each prospective Fund and Account investment will follow the same consistent process for approval, which includes multiple meetings of the Adviser's Investment Committee held at different stages of the investment evaluation process. The focus of the investment process from the outset is to identify good quality companies with strong management teams. Each prospective company evaluation starts with four questions during the preliminary evaluation phase.

- Is the company in an industry in which the Fund and the Accounts should invest?
- How strong is the company's position in the industry?
- Is the company's business plan sensible and viable?
- Does the company's management team have the right skills and incentives to achieve the business plan?

Only if the Adviser's investment team is satisfied with the strength of the company after answering such questions will it examine the company's structure and risk profile, including an evaluation to gain comfort with the company's credit profile.

- Structure of the investment - The investment in a target company must be largely invested in credit securities to give the Adviser comfort that investment principal will be protected. A basic guiding principle in the Adviser's evaluation is to be comfortable that the existing business can support the credit (i.e., payment of interest as well as the repayment of principal). If the target company depends upon growth to support the security, it is the Adviser's view that the security then takes on equity risk and therefore is not part of the credit.
- Risk profile - While risk profile is a somewhat subjective measure, the Adviser must feel comfortable that the credit securities are appropriately priced for the Funds' or the Accounts' risk. The Adviser intends to focus on income generation and principal preservation. In addition, the Adviser believes that the capital solutions it intends to offer will provide the Fund and Accounts with the flexibility to maximize returns while minimizing downside risk.

The Adviser will devote significant time to performing due diligence in order to address the questions and guidelines outlined above in conjunction with target company management teams, financial sponsors, entrepreneurs and industry experts. As part of the Adviser's due diligence process, it will dedicate considerable effort to evaluating the creditworthiness of a target company. This will include running numerous sensitivity analyses of business drivers. The Adviser must be comfortable that the target company's business plan is not only logical but is sensible given specific industry dynamics and company capabilities. In this analysis, the Adviser will develop a view as to the potential downside scenarios and their impact on the target company's ability to repay the investment. Once the Adviser becomes comfortable that downside risk can be minimized, it will generate a customized investment proposal.

Throughout the investment evaluation process, all the issues and relevant data points will be discussed among the Adviser's investment team and with any outside advisors engaged by the Adviser. The investment team will use this highly collaborative process to ensure it can give clear and consistent feedback to target company management teams, financial sponsors, family owners and entrepreneurs about what the Adviser requires to become comfortable to make an investment. Communication with these investing partners is of critical importance, particularly if the Advisers decision comes to a "no" as it anticipates will occur approximately 90% of the time.

In the case of Senior Assets the length of the due diligence process including the level of interaction with management may be less than that with respect to a Mezzanine Asset due to (i) the seasoned nature of the investment (i.e. the asset may have been outstanding and performed for some time in the current capital structure); (ii) the presence of a capable agent bank, dominant lender or lenders and/or owner in which the Adviser has faith and (iii) the senior secured nature of the Asset.

Having identified opportunities that meet the foregoing criteria, the Adviser will price investments according to the level of risk and will structure the capital to provide the degree of flexibility required by the companies.

Investment Strategies.

With respect to Mezzanine Clients, the Adviser will seek to create for the Accounts and the Funds

a high-quality portfolio by investing in North American middle market companies. Investments will be in the form of Mezzanine Assets issued by middle market companies with approximately \$10 million to \$70 million of EBITDA and enterprise values primarily between \$100 million and \$1 billion. Investments will typically be made in companies with leading market positions led by strong management teams.

The Adviser will focus on originating, structuring, and controlling investments primarily in the form of Mezzanine Assets. Mezzanine investing is a hybrid of debt lending and equity investing, typically combining elements of high current income through fees and cash interest with longer-term capital gains. In addition, Mezzanine investing usually provides cash returns in the form of quarterly or semi-annual cash interest payments and also includes paid-in-kind interest or repayment penalties. These investments also often include warrants for the common stock of the business.

With respect to Senior Clients, the Adviser will seek to create for the Accounts and Funds a high-quality portfolio by investing in similar types of companies as contemplated for Mezzanine Clients but primarily in the form of senior secured loans or notes that constitute the senior capital in company, sometimes alongside a working capital lender under an intercreditor agreement. The Adviser may invest a portion of a Senior Client's portfolio in second lien assets but usually subject to a limitation in the constituent documents of the relevant Fund or Account or in the credit facility, therefore.

The Adviser will approach each opportunity with a tailored capital structure solution. As such, it is expected that management teams, equity sponsors and entrepreneurs will offer the Adviser the opportunity to invest in their companies. While it is always necessary to compete on price and investment opportunities are rarely exclusive, the Adviser believes that its approach and ability to add value to an investment will allow it to define a less competitive niche.

Risk of Loss.

Investing in securities involves a high degree of loss that Clients and Fund investors should be prepared to bear. Clients and Fund investors bear the entire risk of loss of their investments. An investment in the Accounts or in the Funds involves a significant degree of risk, relating both to the types of investments contemplated by the Accounts or the Funds and the Accounts' and Funds' ability to achieve their respective investment objectives. There can be no assurance that the Accounts' or the Funds' investment objectives will be achieved or that an investor will receive any return of capital. An investor should have the ability to sustain the loss of its entire investment in the Accounts or in the Funds. An investment in the Accounts or in the Funds requires a long-term commitment, with no certainty of return. Since the Accounts and the Funds may only make a limited number of investments, and since the Accounts' and the Funds' investments generally will involve some degree of risk, poor performance by a few of the investments could affect the total returns to the investors. There can be no assurance that the Accounts or the Funds will be able to generate returns for the investors or that returns will be commensurate with the risks of the investments within the Accounts' or the Funds' investment objectives.

All investments involve certain risks including, but not limited to:

- Illiquidity of investments - The Funds and Accounts typically will be dependent upon a portfolio company being sold, refinanced, reorganized or having a public offering in order to achieve liquidity for an investment.
- Subordination - The investments of the Funds and Accounts will typically be subordinated to the senior obligations of an issuer either contractually or structurally or because of the nature of the security leading to greater risk of investment.
- Creditor risks - The Funds, or in the case of the Accounts, the Adviser, may oversee or participate in the management of one or more of their portfolio companies. If such participation or influence are perceived to cause a portfolio company to take actions that were in the Funds' and Accounts' interests and not in the best interests of the creditors and stockholders, the Funds' and Accounts' claims under their investment documents, which normally would be subordinated only to any senior debt of the portfolio company, could be subordinated to the claims of all creditors and, in some cases, stockholders of the portfolio company.
- Debt securities - A debt security or obligation may be subject to prepayment or redemption at the option of the issuer. If a debt security or obligation held by the Funds or Accounts is called for redemption, the Funds or Accounts may be required to permit the issuer to redeem such security or obligation, which could have an adverse effect on the cash-on-cash return objective.
- Portfolio company leverage - Investments are expected to include portfolio companies with significant levels of debt. Such investments are inherently more sensitive than others to declines in revenues and to increases in expenses and interest rates, increasing exposure to adverse economic factors. Because the securities in which the Funds and Accounts will invest will likely be subordinated and among the most junior in a portfolio company's capital structure, the inability of a portfolio company to service its debt obligations could result in a loss of investment.
- Minority investments - Investments will generally represent minority interests in portfolio companies and the Funds and Accounts may hold minority voting positions (if any) on the boards of directors of certain portfolio companies. Consequently, they may not be able to control or exercise substantial influence over such portfolio companies.
- Loan Risk - Certain Funds have each entered into credit facilities to borrow against the undrawn capital commitment of its respective partners or against the value of the Fund's portfolio. To the extent that any partner does not meet its capital commitment, the lender has rights to proceed directly against that partner. In the event that a sufficient number of partners fail to meet their capital commitments to a Fund and the lender demands repayment, such Fund and/or lender might seek to liquidate portfolio investments at an inopportune time.

Valuation Risk.

Clients will rely on the Adviser, as applicable, for valuation of their assets and liabilities. Clients

will primarily hold securities and/or loans and other assets that will not have readily ascertainable market values. The primary valuation methodology used is the market approach, which entails multiplying a key performance metric of the investee (e.g., EBITDA) by the relevant valuation multiple observed for comparable companies or transactions, adjusted by the Adviser for differences between the investment and the referenced comparable. The Adviser generally relies on internal pricing models in accordance with its valuation policies and procedures. The Adviser makes use of and relies on data developed and provided by certain third parties. The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilized to value such assets or to create the price models could be inaccurate or subject to other error. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. Due to a wide variety of market factors and the nature of certain securities and/or loans and assets to be held by Clients, there is no guarantee that the value determined by the Adviser will represent the value that will be realized by a Client on the eventual disposition of an investment or that would, in fact, be realized upon an immediate disposition of the investment.

Regulatory Risks.

The regulation of US and non-US securities, futures markets and investment funds has undergone substantial changes in recent years and such changes could continue. The effect of such new regulations on Clients could be substantial and adverse and could subject Clients to increased capital requirements, fees, expenses, and limits on the types of investors they could solicit.

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 an evaluation of the Adviser or the integrity of its management. Neither the Adviser nor its management has been subject to any legal or disciplinary actions required to be disclosed in this brochure.

Item 10. Other Financial Industry Activities and Affiliations

Registered investment advisers are required to disclose any relationship or arrangement with certain industries or industry professionals that may be material to their advisory business or to their clients. The Adviser is affiliated with Freedom 3 GP II, LLC, a Delaware limited liability company that has been formed for the purpose of serving as the general partner of Fund 2, Freedom 3 GP III, LLC, a Delaware limited liability company that has been formed for the purpose of serving as the general partner of Fund 3 and the manager of the Feeder, F3 2018 GP, LLC that has been formed for the purpose of serving as the manager of the 2018 Fund, Freedom 3 GP IV, LLC that has been formed for the purpose of serving as the General Partner of Fund 4 and Manager of Feeder A and Feeder B, Freedom 3 LF GP, LLC that has been formed for the purpose of serving as the General Partner of the LQ Fund, F3 Senior Finance MM, LLC that has been formed for the purpose of serving as the Managing Member of the Senior Fund and F3 GP V, LLC that has been formed for the purpose of serving as the General Partner of Fund 5 and the Manager of Fund 5 Feeder.

Currently, no employees of the Adviser are registered representatives of a broker-dealer.

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or as an associated person of an Adviser entity.

The Adviser organizes and sponsors the Funds (except for F3C IDF) and intends to sponsor future funds, which, in each case, are private partnerships. These Funds managed by the Adviser are controlled by affiliated General Partner entities. The Adviser is responsible for all decisions regarding portfolio transactions of the Funds and has full discretion over the management the Funds' investment activities. Employees and persons acting on behalf of the General Partners are subject to the supervision and control of the Adviser. Thus, the General Partners would be "persons associated with" the Adviser such that the SEC could enforce the requirements of the Advisers Act on the General Partners.

F3C IDF, and The Spearhead Insurance Solutions IDF, LLC, were organized, and are sponsored, by their manager, Spearhead IDF Partners, LLC (the "IDF Manager"). The Adviser is not affiliated with either the IDF Manager or Spearhead Administrative Services, LLC.

The Adviser does not receive any compensation for the recommendation of other investment advisers to its Clients.

Fund Lenders' Affiliation with Account Clients and Fund Investors.

The Adviser may cause a Fund to enter into a leverage facility with an insurance company or other institution which may also be affiliated with a Client, an investor in, or co-investor with, such Fund. In such cases the insurance company or other lender may have superior rights to information, liquidation value and other factors than investors in the Fund (with respect to the debt provided by such insurance company or other institution, but not with respect to their affiliate's equity investment in such Fund).

Certain Account Clients and Fund investors are affiliated with a group of insurance companies under common ownership who provide leverage facilities to other Clients, which could create the appearance or existence of a conflict of interest insofar as the Adviser being viewed as allocating co-investment opportunities to itself and/or certain insurance and financial businesses providing services to the Funds. However, the Adviser does not have any economic interest in the lender providers. The Adviser will allocate investment opportunities among the lender affiliated Client Accounts, the Funds and other Clients in a manner that is consistent with an allocation methodology described in Item 6 in a manner designed to ensure allocations of such opportunities are made on a fair and equitable basis over time. See Item 6 above regarding our policy on allocations of investment opportunities. All rates with lenders who are affiliated with Account Clients and/or Fund investors are negotiated at arms'-length. Fund leverage facility terms, including rates are disclosed in the applicable Fund's Governing Documents.

Any transactions in which a lender affiliated Client Account acquires assets of, or sells to, any other Client will be transacted in accordance with the Adviser's principal and cross trade policies and procedures described in Item 11 below and Section 206 of the Investment Advisers Act. See Item 11 below for more information regarding certain cross transactions.

Differing Advice.

The results of the investment activities provided to a Client can differ significantly from the results achieved by the Adviser for other current or future Clients. The Adviser will manage the assets of a Client in accordance with the Client's investment objectives and strategy. However, members of Adviser may give advice and take action with respect to any other Client that competes or conflicts with the advice a member of the Adviser may give to, or an investment action they may take on behalf of, a Client (or a group of Clients), or advice that may involve different timing than that of a Client. The potential conflicts include, in particular, one or more Clients buying or selling positions while another Client is undertaking the same or a differing, including potentially opposite, strategy. Similarly, the Adviser's management of Client accounts may benefit members of the Adviser including to the extent permitted by applicable law and contractual arrangements, investing Client accounts directly or indirectly in the securities of companies in which such other Client has an equity, debt, or other interest. In addition, to the extent permitted by applicable law and contractual arrangements, Clients may engage in investment transactions which may result in other Clients being relieved of obligations or otherwise have to divest or cause Clients to have to divest certain investments. In some instances, the purchase, holding, and sale, as well as voting of investments by Clients may enhance the profitability or increase or decrease the value of another Clients' own investments in such companies. This may give rise to potential conflicts of interest.

Investments in Different Levels of Capital Structure.

Funds and/or Accounts may make investments in which one or more of them hold an investment in a different class of such company's debt or equity (e.g., Senior Assets vs Mezzanine Assets). In such circumstances, the Adviser may have conflicting duties among the Funds and/or Accounts. The Adviser has put in place certain policies to minimize the incidences of potential conflict and ameliorate the impact of such conflicts. The Adviser believes that generally the best outcome for its Clients typically involves a total business solution instead of forced liquidations and thus in certain situations the Adviser may refrain from, or delay taking certain actions to which it is authorized under the terms of a Senior Asset held by a Fund or Account.

It is not expected that a Senior Client will control senior tranches in any borrower, including any senior tranche of a company in which a Mezzanine Client invests. Thus, the Adviser is not expected to hold decision making authority for multiple tranches in the same company for different Clients except (i) as it relates to the Senior Clients' exercise of "sacred rights", which might inure to consent of 100% of the holders of a tranche; and (ii) from time to time a Mezzanine Client may control a tranche in which a Senior Client is also invested.

The Adviser expects that in certain situations, the entity controlling the senior tranche may require the Senior Client to waive one or more of these "sacred rights" if a Mezzanine Client is also invested in the same company in accordance with standard practice in the industry.

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

The Adviser has adopted and implemented a compliance manual which includes a code of ethics in compliance with SEC Rule 204A-1 and Rule 204-2 (Code of Ethics) of the Investment Advisers

Act of 1940. The Adviser will provide a copy of its code of ethics to any Client or Fund investor or prospective client or investor upon request to Daniel Tamkin, Chief Operating Officer and Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3.com. The Compliance Manual contains written policies regarding the following matters:

- Procedures for continuing monitoring of compliance.
- Advertising and marketing.
- Solicitation Arrangements.
- Private Placements.
- Accuracy of disclosure documentation.
- Anti-money laundering.
- Client assets safeguarding.
- Recordkeeping.
- Personal securities transactions; pay to play and confidentiality.
- Insider trading.
- Portfolio management.
- Valuation.
- Privacy.
- Proxy voting.
- Business Continuity.
- SEC registration and Form ADV.
- Communications with regulators and media; and
- Cybersecurity.

The code of ethics is designed to ensure that the personal securities transactions, activities and interests of the Adviser's employees will not interfere with making decisions in the best interest of the Clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Adviser and its related persons do not invest in the same securities (or related securities, e.g., warrants, options or futures) that it or a related person recommends to Clients except by virtue of the General Partners investing in Funds that may invest in the same assets as Accounts.

Principal and Cross Transactions.

The Adviser and its related persons do not participate in transactions in which the Funds or Accounts have a direct or indirect interest. The Adviser, its affiliated and respective employees, or a related entity each may have an investment in the Funds and the Account Clients. The Adviser

will not, directly or indirectly, while acting as principal for its own account, knowingly sell any security to, or purchase any security from, a Client without determining that the transaction is in the best interest of the Client, disclosing such practices in its Form ADV and complying with the requirements of Section 206(3) of the Advisers Act. In addition, prior to completing any principal transaction, the Adviser is required to disclose to the Client in writing the capacity in which the Adviser is acting and obtain the specific consent of the Client.

Neither the Adviser nor any of its affiliates will not take brokerage commissions or otherwise be compensated for effecting transactions in which it causes one Client to purchase securities or other instruments from, or sell securities or other instruments to, other Clients ("cross-trades"). The Adviser intends that cross-trades will, to the best of the Adviser's ability, reflect the market value of the security or other instrument being purchased or sold and the Company and/or its affiliates, as applicable, will always seek best execution. Prior to effecting any cross-trade, the Adviser will make a good faith determination that the transaction is in the best interests of its Client. The types of cross trades include, but are not limited to, the following transactions:

- **Syndication:** A Fund or other Client may syndicate all or a portion of their investments to other Clients or third parties. In the case of a transaction between or among Funds or Client Accounts.
- **Warehousing:** Clients may acquire and temporarily set aside, or "warehouse," a portion of an investment opportunity in order to facilitate an investment or co-investment by one or more Client or co-investors (including other Clients or affiliated co-investors). If the co-investment of the "warehoused" portion is not ultimately consummated, the warehousing Client(s) would hold a larger portion of the investment than they otherwise intended to hold (albeit an amount consistent in all cases with their Governing Documents). The risk of a co-investment not being consummated generally would increase in the event an investment decreases in value during the warehousing period, potentially requiring warehousing Clients to bear the losses in connection with the investment. The Adviser typically determines the cost of the co-investment in its sole discretion, taking into account its cost to the warehousing Clients, the cost of capital and other factors, and there is a risk that the Adviser may not charge the co-investors an amount that accurately reflects any appreciation in the value of the investment or appropriately compensates the warehousing Clients for the costs and risks incurred during the holding period.

Certain Clients have may have interests in other Clients, and from time to time in the future may directly or indirectly acquire, subscribe for or otherwise purchase an interest in other Clients, provided that the sale or purchase is consistent with the applicable Governing Documents and Adviser's fiduciary obligations to each such Client and its policy on allocation of investment opportunities. See Item 6 above for more information.

The Adviser from time to time following the consummation of Client sale transactions may begin providing the purchaser advisory services with respect to the ongoing monitoring of the purchased investment which could take the form of management fees, carried interest and/or retention by the Adviser of a purchase discount, closing fee or similar fees which may be greater or less than

compensation paid by the selling Client, In such cases, the purchaser will undertake its own diligence review and make its own investment decision with respect to its initial purchase transaction.

Item 12. Brokerage Practices

With respect to the portfolio companies in which the Accounts and the Funds are invested, the securities of such portfolio companies are generally purchased through private placement transactions, without the assistance of a broker or dealer and without the payment of a brokerage commission. Although the Adviser does not anticipate utilizing the services of a broker or dealer through which to effect investments, it may in certain limited circumstances acquire mezzanine debt securities or other assets or loans from or through a broker or dealer designated by the agent of the tranche of securities or loans or by the seller thereof.

Aggregation of orders is not applicable to the Adviser. The Adviser may cause a Fund or other Client to sell to, or purchase investments from, another Fund or other Client which will be effected in accordance with the Adviser's policies and procedures.

Item 13. Review of Accounts

All Client accounts are reviewed on a quarterly basis by the Adviser's investment team and approved by the Adviser's Investment Committee. The Adviser reviews the business, affairs, operations, and financial condition of portfolio companies in which the Clients are invested on a more frequent basis as is warranted by interim financial reporting required by the terms of such investment or disclosed voluntarily, discussions with management of portfolio companies and other factors or situations that arise from time to time.

Written reports are provided to the Clients on a quarterly basis, which include a report from the Adviser (and/or, in the case of the Funds, from the General Partner of such Fund) describing investment activities, pending and closed transactions and an overall general outlook. In addition, an annual audited report is provided to each Fund investor within 120 days of each Fund's fiscal year end. Investors in the F3C IDF receive reporting directly from Spearhead Administrative Services, LLC and/or its affiliates.

Additionally, the Adviser assists the Funds (other than F3C IDF) in furnishing all investors with (i) audited written financial statements prepared in accordance with generally accepted accounting principles, accompanied by the report of its independent certified public accountants, (ii) unaudited financial information and updated on the Funds' investment activities on a quarterly basis (in accordance with the Governing Documents of the Funds) and (iii) tax information necessary for the completion of tax returns.

Item 14. Client Referrals and other Compensation

The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Clients.

The Adviser has entered into solicitation agreements with registered broker-dealers in compliance with SEC Rule 206(4)-investors in certain Funds (and their successor private investment funds or

parallel investment vehicles). In such cases, compensation is negotiated and paid by the Adviser, consistent with industry practice.

Item 15. Custody

The Adviser has custody of all assets of the Funds except the F3C IDF. The Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Fund investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed to investors within 120 days of each Fund's fiscal year end. Fund investors are urged to carefully review these audited financial statements.

Account Clients receive account statements from their banks with respect to their funds related to the securities managed by the Adviser. The Adviser sends certain account and performance information to Account Clients, and the Adviser urges the Account Clients to compare the information they receive from the Adviser with the information received from their banks.

Item 16. Investment Discretion

Client Assets in Accounts are managed by the Adviser on a discretionary basis, subject only to the investment limitations set forth in the related management agreement and/or other governing documents. All Accounts are treated as discretionary accounts since the Adviser either has full discretionary power or otherwise controls right to vote, sell, has full responsibility for monitoring and securing information, or providing input to, or interacting with and making similar decisions with respect to Account securities, even though the Adviser does not have authority to decide which securities to purchase or sell for those Accounts. All Fund assets are managed by the Adviser on a discretionary basis, subject only to investment limitations set forth in the Funds' Governing Documents. The F3C IDF subadvisory agreement grants the Adviser primary investment discretion for F3C IDF, subject to the F3C IDF's advisor's oversight and discretion as advisor to the F3C IDF.

Item 17. Voting Client Securities

The Adviser holds a power-of-attorney to vote or otherwise controls the vote for securities held by the Accounts and F3C IDF. Similarly, the General Partners, on the advice of the Adviser, vote the securities held by the Funds. The Adviser's and the General Partners' policy is to vote securities with the aim of furthering the best economic interests of the Accounts, F3C IDF, and the Funds, respectively.

Due to the nature of the Adviser's business and structure, the Adviser does not believe it is likely that material conflicts of interest will arise in voting securities of portfolio companies. However, as noted in Item 10, there are certain situations where the Adviser taking actions on behalf of a Client invested in a Senior Asset could be in conflict with the interests of a Client invested in a Mezzanine Asset or vice versa. In addition, conflicts of interest could arise in certain circumstances, such as, for example, where an investor in the Funds is associated with the company soliciting a vote, or where an executive officer of the Adviser has personal or business relationships

with participants in a vote (such as a company director). The Adviser will take steps to identify the existence of any material conflicts related to the securities to be voted and/or the issues at hand. For example, the Adviser's employees must disclose to the CCO any potential personal conflicts of interest known to them and potential conflicts based on business relationships or dealings. In considering whether a material conflict of interest exists, the CCO may consult with other executive officers of the Adviser and other persons he deems relevant in making a determination.

Clients that wish to obtain information about how the Adviser voted their securities or a copy of the Adviser's proxy voting policies and procedures may contact Daniel Tamkin, Chief Operating Officer and Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3.com.

Item 18. Financial Information

The Adviser does not require or solicit prepayment from any Client of more than \$1,200, six months or more in advance.

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitment to the Funds or the Accounts.

The Adviser has not been the subject of a bankruptcy proceeding at any time during the past ten years.