



## 50 SOUTH CAPITAL ADVISORS, LLC

Form ADV Part 2A  
50 South LaSalle Street  
Chicago, Illinois 60603  
[www.50southcapital.com](http://www.50southcapital.com)

**MARCH 28, 2024**

This brochure provides information about the qualifications and business practices of 50 South Capital Advisors, LLC (“50 South”). If you have any questions about the contents of this brochure, please contact your investment relationship manager or our corporate operator at (312) 630-6000. 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.

50 South is a registered investment adviser under the Investment Advisers Act of 1940, as amended. SEC registration does not imply a certain level of skill or training.

Additional information about 50 South also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure does not constitute an offer or a solicitation of an offer to buy shares or interests in any investment fund that 50 South sponsors, manages, or advises. An offer of those funds can only be made to qualified investors by way of the approved offering materials for those funds and only in jurisdictions in which that offer will comply with applicable rules and regulations.

## **Item 2 - Material Changes**

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The following material changes have been made to this brochure since its last annual update on March 30, 2023:

- Item 8B – Material Risks has been updated to revise various risks
- Item 11 – Code of Ethics has been updated to reflect current policies and procedures
- Item 13 – Review of Accounts has been updated to reflect current practices

**Item 3 - Table of Contents**

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## Item 4 - Advisory Business

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### Item 4A – Advisory Firm Description

50 South Capital Advisors, LLC (“**50 South**”) is a Delaware limited liability company and is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). 50 South was formerly the Alternative Investment Group of Northern Trust Investments, Inc. (“**NTI**”), a registered investment adviser since 1988. 50 South was formed in January 2015 and is a wholly owned subsidiary of Northern Trust Corporation (“**NTC**”), a financial holding company and publicly held company.

50 South is registered with the U.S. Commodities and Futures Trading Commission (“**CFTC**”) as a Commodity Pool Operator (“**CPO**”) and a Commodity Trading Advisor (“**CTA**”) and is designated as a swap firm.

50 South is an alternatives asset management firm designed to meet the core strategic needs of investors seeking access to global alternative investments. Its highly experienced team works closely with a wide range of investors to fulfill specific investment objectives and create lasting relationships. The 50 South investment philosophy focuses on providing valued access to managers with differentiated sources of return.

### Item 4B – Advisory Services Offered

50 South offers investment advisory services to U.S. and non-U.S. investors seeking multi-manager alternative solutions through various products, including registered and unregistered single investor and commingled investment fund of funds (collectively “**50 South Funds**” or the “**Funds**”) and services on a non-discretionary basis (collectively, the “**Advisory Accounts**”). The following is a description of the investment advisory services offered:

**Hedge Funds:** 50 South provides discretionary investment advisory services to hedge fund of funds (the “**50 South Hedge Funds**”). The 50 South Hedge Funds invest in various third-party hedge Sub-Funds (together with the private equity sub-funds, “**Sub-Funds**”) selected by 50 South that invest directly in securities and financial instruments.

**Private Equity Funds:** 50 South provides discretionary investment advisory services and serves as general partner and/or investment adviser to private equity fund of funds and direct co-investment funds (collectively, the “**50 South Private Equity Funds**”). The 50 South Private Equity Funds primarily invest in various third-party private equity Sub-Funds selected by 50 South that invest directly in one or more portfolio companies. The 50 South Private Equity Funds also invest directly into portfolio companies.

The 50 South Funds are either exempt from registration as investment companies in reliance on Sections 3(c)(1) and 3(c)(7) of the Investment Company Act of 1940, as amended (the “**1940 Act**”) or are “closed-end” registered investment companies under the 1940 Act and Subchapter M of the U.S. Internal Revenue Code of 1986, as amended.

The 50 South Funds are available to U.S. taxable and tax-exempt “accredited investors” as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “**Securities Act**”), “qualified clients” (within the meaning of the Advisers Act and/or “qualified purchasers” (as such term is defined in Section 2(a)(51) of the 1940 Act)), as well as to non-U.S. persons.

The 50 South Funds have different features, which include varying levels of fees, investment objectives and guidelines, business terms, dividend payments, investment minimums, investor qualification standards and liquidity terms. The 50 South Funds offer a combination of risk-adjusted return profiles and diversification.

**Customized Single-Investor Funds:** 50 South provides advisory services to customized single-investor funds. 50 South offers these funds to clients seeking a customized mandate, control over structure and/or involvement in the investment process. 50 South collaborates with clients to design and implement the customized fund tailored to their needs.

**Advisory Accounts:** 50 South provides non-discretionary investment advice, recommendations and custom investment solutions to foreign or U.S. persons, institutions, corporations, unincorporated entities, foundations, endowments, public funds, Keoghs or pension or retirement plan investors on a broad range of hedge and private equity strategies. These strategies include (but are not limited to) long-only equity, long-only fixed income, global macro, directional, event driven, private equity (buyout, venture capital, secondary, private credit) and real assets.

**Advisory/Consulting Services:** 50 South is permitted to provide non-discretionary advisory/consulting services to clients and 50 South affiliates in connection with hedge fund and private equity fund investments. Advisory/consulting services performed by 50 South includes, but is not limited to: defining the goals and objectives of a specific asset class allocation; providing specific market insight and data; assisting in sourcing investment opportunities; advising on any follow-on commitments or dispositions of existing private fund investments; and providing general guidance on selection, execution and exit of a specific asset class allocation.

**General Partner:** The following general partner entities are affiliated with 50 South (each, a “**General Partner**”):

- 1818 Co-Investment Fund GP, L.P.
- 1889 Growth Fund GP, L.P.
- Direct Co-Investment Fund GP, L.P.
- 50 South Capital (Cayman) GP, L.P.
- Private Equity Core Fund X GP, L.P.
- Private Equity Core Fund XI GP, L.P.
- Diversified G.P.
- Global Venture Capital Opportunities II GP, L.P.
- PESOF V GP, L.P.
- Distressed Credit Opportunities Fund GP, L.P.

### Item 4C – Tailoring of Advisory Services

Clients are able to provide guidelines and impose restrictions on their Advisory Accounts. 50 South tailors investment advice and recommendations to clients in Advisory Accounts based upon the guidelines and restrictions the client may have imposed for the account.

The commingled 50 South Funds have set investment objectives and investment guidelines and such investments are not tailored to the needs of individual investors.

50 South's advisory services to the 50 South Funds are detailed in the relevant private placement memoranda or other offering documents (each, a "**Memorandum**"), investment management agreements, limited partnership or other operating agreements of the Funds (each, a "**Partnership Agreement**" and, together with any relevant Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the 50 South Funds (generally referred to herein as "investors" or "limited partners") participate in the overall investment program for the applicable 50 South Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between 50 South and any investor.

### Item 4D - Wrap Programs

50 South currently does not provide investment advisory services to wrap fee programs.

### Item 4E - Assets Under Management

As of December 31, 2023, 50 South had net assets under management<sup>1</sup> of approximately \$11,130,150,292 on a discretionary basis and \$0 on a non-discretionary basis.

## Item 5 - Fees and Compensation

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### Item 5A-5D – Fee Schedule, Billing of Fees, Other Types of Fees or Expenses and Billing Method

**50 South Hedge Funds:** 50 South investment advisory fees range from 0.25% to 1.25% per annum and are paid by the 50 South Hedge Funds. The investment advisory fee for single investor 50 South Hedge Funds vary and are generally negotiable.

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<sup>1</sup> AUM includes committed capital for 50 South's private equity business and net asset value for 50 South's hedge fund business as of December 31, 2023.

Form ADV Part 1 includes disclosure of Regulatory Assets Under Management ("Regulatory AUM"), which differs from this calculation. In Form ADV Part 1 Regulatory AUM is calculated as September 30, 2023 gross asset value plus unfunded commitments for 50 South's private equity business gross asset value as of December 31, 2023 for 50 South's hedge fund business.

Investors in the 50 South Hedge Funds will be assessed an investment advisory fee on a pro rata basis in proportion to their investment. The fees are calculated as of the last business day of each calendar quarter. Certain 50 South Hedge Funds have a carried interest fee, ranging from 5% to 8%, as further set forth in the Memorandum for each such 50 South Hedge Fund.

The 50 South Hedge Funds are expected to be subject to additional fees including, but not limited to, transfer agent, organizational, line of credit, risk management, custody, audit expenses, tax preparation, brokerage and other transaction costs, administrative fees and expenses of service providers and other expenses. The fees and expenses of the 50 South Hedge Funds (including those payable to affiliates) are disclosed in the Memorandum of each 50 South Hedge Fund. The 50 South Hedge Funds also incur Sub-Fund fees, which generally include investment advisory fees and performance fees.

The Governing Documents of the 50 South Hedge Funds permit certain investors (including, without limitation, employees of 50 South and other investors in certain funds who have an existing advisory relationship with 50 South or an affiliate) to pay a reduced or no management fee and/or carried interest, which will be determined by, among other criteria as determined by 50 South in its sole discretion, the extent of investment advisory fees such investor already pays to 50 South or an affiliate for private equity investments.

Certain unregistered 50 South Hedge Funds' fees can be negotiated in accordance with the relevant fund's Memorandum. Any such modification will cause some investors to pay fees that are different from the fees disclosed in the Memorandum of the fund.

**50 South Private Equity Funds:** 50 South Private Equity Funds' investment advisory fees range from 0.00% to 1.35% per annum and are paid by the respective 50 South Private Equity Fund. Specific Management Fee terms differ among the 50 South Private Equity Funds, and any descriptions included herein are intended as a general summary that is subject to the Governing Documents applicable for each 50 South Private Equity Fund. The investment advisory fee for single investor 50 South Private Equity Funds vary and are generally negotiable.

The fees are calculated quarterly in advance for services provided by the general partner and/or investment manager, as applicable, which includes investment advisory services. 50 South generally receives the fee as an annual management fee (payable quarterly in advance) from and including the effective date through the final distribution of the assets of the 50 South Private Equity Funds (though this will vary by fund as disclosed in the respective Governing Documents). The management fee for each 50 South Private Equity Fund is generally equal to the aggregate sum of the products of (1) each investor's investment in such 50 South Private Equity Fund (referred to as its commitment), multiplied by (2) the applicable management fee percentage then in effect for the investor. The applicable management fees for certain 50 South Private Equity Funds depends on the size of an investor's commitment. The 50 South Private Equity Funds are required to pay annual management fees to 50 South based upon the entire amount of their commitments whether or not the 50 South Private Equity Funds are fully invested; provided that, in certain 50 South Private Equity Funds, following the expiration of such 50 South Private Equity Fund's investment period (the "**Stepdown Date**"), the management fee is reduced to an amount equal to the aggregate sum of the products of (A) each investor's invested capital in such 50 South Private Equity Fund

(as described in the respective fund documents) and (B) the applicable management fee percentage then in effect for the investor.

The Governing Documents provide that a 50 South Private Equity Fund's management fees will be calculated and charged on a basis that generally is not tied to the 50 South Private Equity Fund's then-current net asset value. Under the Governing Documents for certain 50 South Private Equity Funds, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant 50 South Private Equity Fund that have not been disposed of or completely written off for U.S. federal income tax purposes. Further, under the Governing Documents for certain 50 South Private Equity Funds, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date management fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. However, for such 50 South Private Equity Funds, where there has been a partial distribution, partial write down or partial sale of an investment and the fair market value of such investment following such event exceeds the total amount of investment contributions relating to such investment, the Governing Documents do not require management fees after the Stepdown Date to be reduced.

As a result, the amount of management fees generally will not correspond with fluctuations in the 50 South Private Equity Fund's net asset value, including following the investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case, for certain 50 South Private Equity Funds, of investments that have been disposed of or completely written off for U.S. federal income tax purposes. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

The Governing Documents set forth the full list of terms under which management fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified management fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

Certain funds have a carried interest fee, ranging from 5% to 15%, and which, in certain cases, are structured as a percentage of all distributions (rather than a percentage of profits), in each case as further set forth in the Memorandum for each such 50 South Private Equity Fund. The 50 South Private Equity Funds also incur Sub-Fund fees, which include investment advisory fees and carried interest.

50 South Private Equity Funds fees are not generally negotiable, though they can be waived or changed in accordance with the Memorandum. Any such modification will cause some investors to pay fees that are different from the fees disclosed in the Memorandum.

The 50 South Private Equity Funds will also be subject to certain additional charges including, but not limited to, transfer agent, structuring, organizational, line of credit, custody, audit expenses, tax preparation, brokerage and other transaction costs, administrative fees and expenses of service



providers and other expenses. The fees and expenses of the 50 South Private Equity Funds (including those payable to affiliates) are disclosed in the Governing Documents of each fund.

The Governing Documents of the 50 South Private Equity Funds permit 50 South to designate certain investors (including, without limitation, employees of 50 South and other investors in certain funds who have an existing advisory relationship with 50 South or an affiliate) as “Affiliated Partners” with respect to their interests in a 50 South Private Equity Fund. Affiliated Partners will pay a reduced or no management fee and/or carried interest, which will be determined by, among other criteria as determined by 50 South in its sole discretion, the extent of investment advisory fees such investor already pays to 50 South or an affiliate for private equity investments. The Affiliated Partner definition is further described in the respective fund’s Partnership Agreement.

The 50 South Funds or their respective general partners are permitted to, without any further act, approval or vote of any other investor in such 50 South Fund, enter into agreements with certain investors (“**Side Letters**”) that have the effect of establishing rights (including with respect to economic terms) under, or altering or supplementing the terms of such 50 South Fund’s Governing Documents with respect to such investor. 50 South will not enter into a Side Letter if it believes it would have a materially adverse impact on other clients.

**Advisory Accounts:** 50 South negotiates fees directly with a client on a case-by-case basis. The fees are generally paid in arrears and are automatically deducted by the custodian from the client’s assets.

Depending on the type of Advisory Account, a client is expected to be subject to additional fees such as custody, brokerage and other transaction costs.

If a client invests in a proprietary fund or Sub-Fund, there will be Sub-Fund fees in addition to the Advisory Account level investment advisory fee. Clients should review the investment advisory agreement and/or the applicable Memorandum for further information on fees incurred.

50 South reserves the right in its sole discretion to negotiate agreements with different or modified fee arrangements than those described herein. Upon termination of any Advisory Account, any unearned fees are promptly refunded to the client and any earned unpaid fees are due and payable.

50 South allocates expenses in accordance with internal procedures, which are reasonably designed to allocate expenses in a fair and reasonable manner over time. However, expense allocation decisions can involve potential conflicts of interests. The provided examples of expenses are not exhaustive and should not be taken to be inclusive of all costs, fees and expenses.

**Advisory/Consulting Services:** 50 South negotiates fees for advisory/consulting services on a case-by-case basis.

**Item 5E – Compensation for Sale of Securities or Other Products**

50 South and its supervised persons do not accept direct compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of affiliated products.

**Item 6 - Performance-Based Fees and Side-by-Side Management**

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As mentioned in Item 5 “Fees and Compensation,” 50 South and/or affiliates receive a carried interest fee ranging from (a) 5% to 15% in certain 50 South Private Equity Funds, and (b) 5% to 8% in certain 50 South Hedge Funds. These carried interest fees could pose a conflict of interest for 50 South in that – 50 South may favor the 50 South Private Equity Funds or the 50 South Hedge Funds, as applicable, that receive a carried interest fee over the other investment products in which 50 South does not receive a performance-based fee. This potential conflict of interest is mitigated by (i) the policies and procedures that have been established respecting the allocation of investment opportunities and (ii) review and approval of allocation determinations by oversight committees.

50 South Private Equity Funds fees depend on the commitment size and certain funds have a carried interest fee, ranging from 5% to 15%, and which, in certain cases, are structured as a percentage of all distributions (rather than a percentage of profits), in each case as further set forth in the Governing Documents for each such 50 South Private Equity Fund. The 50 South Private Equity Funds also incur Sub-Fund fees, which include investment advisory fees and carried interest. Payment of investment advisory fees, carried interest and administrative and operating expenses at the fund and Sub-Fund levels result in a layering of fees and a meaningful cost of investment. Investors could avoid the additional level of fees and expenses by investing directly with the Sub-Funds, although access to many Sub-Funds may be limited or unavailable.

50 South is permitted to enter into performance-based fee arrangements with Advisory Accounts. Generally, these fees are based on a share of capital gains or on capital appreciation of an Advisory Account’s assets during a designated period. Certain Advisory Accounts may also enter into incentive fee arrangements that provide for an asset-based management fee that is based on the market value of the Advisory Account at specified periods, plus a performance fee based on the account’s return in excess of a specified benchmark. 50 South does not currently receive a performance-based fee from any of its Advisory Accounts.

As 50 South has multiple 50 South Funds and Advisory Accounts that charge one or both of a performance-based fee and/or an asset-based fee, this could result in 50 South having a financial incentive to favor investment vehicles with performance-based fees because 50 South has an opportunity to earn greater fees on such clients as compared to clients without performance-based fees. As a result, 50 South will have an incentive to direct its best investment ideas to or allocate sequence trades in favor of an investment vehicles that pays a performance fee. 50 South also expects to have an incentive to recommend investments that may be riskier or more speculative than those that 50 South would recommend under a different fee arrangement.

“Side-by-Side Management” refers to 50 South's simultaneous management of multiple types of accounts. For example, 50 South provides recommendations and advice to Advisory Accounts

and makes investments on behalf of the 50 South Funds at the same time. Advisory Account clients and 50 South Funds may have different investment objectives, policies, strategies, limitations and restrictions. Some of 50 South's employees are dual officers of one or more of 50 South's affiliates and may have investment advisory responsibilities for such affiliates. A potential conflict of interest will arise when Advisory Accounts and 50 South Funds are advised concurrently and particularly when dual officers are involved. Potential conflicts of interest when engaging in side-by-side management and how such conflicts are addressed are discussed below.

50 South performs investment advisory services for clients and affiliates. 50 South may give advice and take action in the performance of its duties with respect to any one client, which differs from the advice given, or the timing or nature of action taken, with respect to another client. 50 South has no obligation to purchase or sell from a client any security or other property, which 50 South purchases or sells from its own account or the account of any other client, if it is undesirable or impractical to take such action. 50 South may give advice or take action in the performance of its duties with respect to any one client, which may differ from the advice given, or the timing or nature of action taken by our affiliates on behalf of their respective clients.

50 South selects Sub-Funds on behalf of the 50 South Funds to which it serves as either general partner or investment adviser. 50 South also recommends Sub-Funds to Advisory Accounts and affiliates. Certain 50 South Funds may have a limited capacity for new or subsequent investments. 50 South has implemented an allocation policy and related procedures for determining how to allocate the investment opportunities and redemptions equitably and fairly across the 50 South Funds and Advisory Accounts. The policy permits 50 South to consider criteria such as different liquidity needs, legal considerations, tax status, cash availability, and ERISA considerations, investment amounts, investment timeframe, regulatory or client investment objectives, investment capacity of the investment opportunity available capital, investment strategy, current investment portfolio, diversification requirements and other considerations that 50 South may deem appropriate. Allocations for “plan asset” and non-“plan assets” funds may be different due to the ability or inability of Sub-Funds accepting assets subject to ERISA. Because of these factors, the 50 South Funds and Advisory Accounts may differ in composition and may not receive pro rata allocations or redemptions over a particular period. However, the objective of the allocation policy is to ensure that all Advisory Accounts and 50 South Funds are treated equitably and fairly over time.

Additional potential conflicts of interest that are not identified above are expected to arise from time to time. As 50 South becomes aware of any additional conflicts of interest, they will be discussed and resolved on a case-by-case basis taking into account the interests of the relevant parties and applicable laws. 50 South does not consider the client fee level when making allocation and redemption decisions.

To minimize the effects of the above inherent conflicts of interest, 50 South has adopted and implemented policies and procedures, such as an allocation policy. 50 South believes these policies and procedures are reasonably designed to mitigate the potential conflicts associated with managing portfolios for multiple clients and seeks to ensure that no one client is intentionally favored over time at the expense of another.

## Item 7 - Types of Clients

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### 50 South Funds:

The 50 South Hedge Funds are generally organized as U.S. limited liability companies, U.S. limited partnerships or Cayman Islands exempted limited partnerships, exempted companies and unit series trusts.

The 50 South Private Equity Funds are generally organized as U.S. limited partnerships or Cayman Islands exempted limited partnerships.

Investors in the 50 South Funds must be accredited investors, qualified clients and/or qualified purchasers, as applicable, and include foreign or U.S. persons, institutions, corporations, unincorporated entities, foundations, endowments, public funds, Keoghs or pension plan or retirement investors. The initial minimum investment is generally from \$50,000 to \$5,000,000 in the 50 South Hedge Funds and \$250,000 to \$500,000 in the 50 South Private Equity Funds. The minimum investment amounts may be waived or reduced at the discretion of 50 South.

**Advisory Accounts:** 50 South's non-discretionary Advisory Accounts are generally set up for accredited investors and/or qualified purchasers and include U.S. or non-U.S. persons, institutions, corporations, unincorporated entities, foundations, endowments, public funds, Keoghs or pension or retirement plan investors. The minimum account size is generally \$25 million.

50 South also manages various private equity employee co-investment vehicles that invest in the 50 South Private Equity Funds.

The relevant General Partner also generally is permitted from time to time to establish funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Documents of the related 50 South Fund.

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

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### Item 8A - Methods of Analysis and Investment Strategies

50 South employs a variety of analytic methods to select Sub-Funds and construct portfolios. The primary components are described below:

#### 50 South Hedge Funds and Hedge Fund Managed Account Methods of Analysis:

50 South seeks Sub-Funds that can produce attractive risk adjusted returns for client portfolios. 50 South's process combines qualitative, quantitative, and operational due diligence assessments designed to identify skilled Sub-Fund managers. Qualitative assessment starts by seeking skilled hedge fund managers with repeatable processes. Analysts start by defining the strategy and

opportunity being captured and determine the return/risk characteristics of the Sub-Fund in order to isolate the manager's source of skill. Quantitative assessment involves seeking independent evidence to support or refute qualitative observations. 50 South seeks multiple viewpoints to build conviction in a Sub-Fund by forming insights into the manager's risk appetite and sources of return over time. Operational due diligence validates that the various Sub-Fund's operational infrastructure can support the strategy and business over time. 50 South has an expectations-based monitoring and review process.

50 South builds diversified portfolios for the 50 South Funds that combine different strategies to meet the 50 South Fund's overall return and risk objectives. 50 South's process evaluates each sub-manager strategy in the context of a forward-looking view on the outlook for a particular strategy. The Sub-Funds are chosen for their attractive risk-adjusted performance and for their ability to complement the other Sub-Funds in a 50 South Fund or Advisory Account. The 50 South Hedge Funds are constructed through a top-down and bottom-up process. The portfolio team employs both a top-down and bottom-up analysis to identify the combination of Sub-Funds to be employed in each asset class. The technique considers both returns-based and holdings-based analysis to ensure that the portfolio is consistent with stated market assumptions.

50 South intends to take risks that are appropriately compensated for and actively look to mitigate unwanted risks. In addition to close monitoring of each Sub-Fund manager, 50 South looks to mitigate risk through diversification. The Sub-Funds are sized according to their expected volatility. 50 South further performs stress tests on the portfolio across multiple market scenarios to understand risk variability in different market environments. Portfolios are actively monitored and rebalanced to ensure they are operating within the overall risk objectives for a particular mandate.

The Sub-Funds have full discretion over all matters relating to the manner, method and timing of investments and trading, subject to the investment objectives, policies and restrictions set forth herein or those otherwise that 50 South communicates to the manager. The 50 South Hedge Funds generally will not use leverage except to use credit facilities to manage capital calls and provide liquidity for investments and withdrawals.

### **50 South Hedge Funds and Advisory Account Investment Strategy:**

50 South Capital invests across a number of broad strategies employed by Sub-Funds. These strategies are listed below:

**Long/Short Equity Strategies** - invest their capital in equities both long, with an expectation a company's share price will go up, and short, with an expectation a company's share price will go down. Sub-funds can be geographically diversified, or country or sector focused.

**Event Driven Strategies** - capitalize on specific events that can be corporate, legal, or regulatory in nature including bankruptcy, merger, and liquidation. Returns can be generated across the capital structure.

**Global Macro Strategies** - trade on top-down trends affecting markets. Investments can be long and short positions in equities, foreign exchange, and interest rates of countries around the world.

**Relative Value Strategies** - use trading techniques that seek to capture value dislocation, or differences in price between similar securities. Exposures are typically structured to have little exposure to broader markets.

**Systematic Strategies** - target uncorrelated sources of return by investing long and short across asset classes to isolate factors with positive risk premia. These strategies may provide exposure to various alternative risk premia including value, momentum, carry, low beta/quality and trend. They tend to have high volatility over market cycles and low correlation to traditional equity and bond markets.

Clients should refer to the relevant Memorandum for additional information on strategies utilized.

### **50 South Private Equity Funds and Advisory Accounts Methods of Analysis:**

50 South manages the 50 South Private Equity Funds and non-discretionary customizable Advisory Accounts. The private equity program seeks to generate attractive returns by investing in private equity funds while reducing risk through sector, strategy, vintage year, geographic, firm and stage diversification.

50 South utilizes an ongoing due diligence process in an effort to select Sub-Funds designed to generate strong risk-adjusted returns. 50 South's investment team considers a number of factors, including, but not limited to: (i) the quality and stability of the fund's management group; (ii) the historical investment performance of the firm or its principals; (iii) the uniqueness of the fund's strategy and its competitive advantages; (iv) the fund's reputation; (v) the way the firm generated past returns (e.g., cash flow growth, multiple arbitrage or debt repayment); and (vi) the fund's fit within the overall portfolio. 50 South's investment team completes numerous qualitative and quantitative analyses throughout the process and relies heavily on its proprietary network of lenders, co-investors and service providers established during its extensive experience in the private equity industry. 50 South manages its clients' accounts according to the guidelines set by its oversight committees.

After making a commitment to a Sub-Fund, the investment team conducts a quarterly review. The review includes a check on the Sub-Fund's investments to assess performance, to determine whether the manager is adhering to its stated investment strategy and to confirm that the manager is investing the fund's capital at an appropriate pace. The investment team generally attends the scheduled annual meetings for each fund and discusses any issues facing the fund with the management group. The team also participates in periodic update calls held by Sub-Fund managers and often meets with the managers one-on-one in their offices for periodic updates or when questions or issues arise.

### **50 South Private Equity Funds and Advisory Accounts Investment Strategy:**

The 50 South Private Equity Funds generally make primary commitments to Sub-Funds that invest in various portfolio companies in two sectors of the private equity market: buyout and venture capital. 50 South also has a fund focused on private credit strategies, as well as a fund that invests primarily in secondaries and strategic opportunities. The 50 South Private Equity Funds periodically invest directly in portfolio companies, including a fund that has a primary investment



strategy of making direct co-investments alongside the 50 South Private Equity Funds' Sub-Funds. Descriptions of each investment strategy are set forth in the Governing Documents of each Fund. Strategy descriptions are subject to change over time. Securities received in-kind from Sub-Funds are typically liquidated promptly.

The focus of the underlying Sub-Funds are as follows:

**Buyout Funds** - includes buyout funds generally and includes “for control” distressed debt funds, certain growth equity funds and, to a lesser extent, mezzanine debt funds. Other Sub-Funds viewed by 50 South as consistent with the strategy and risk/return characteristics of a buyout fund may also be chosen for investment. While the investments in this sector will be comprised primarily of U.S.-based funds, 50 South also makes investments in Sub-Funds located in other countries or regions, including, but not limited to, Europe and Asia. In addition, while these Sub-Funds are expected to invest primarily in the region where their manager is located, a portion of each Sub-Fund’s commitments may be invested in companies headquartered elsewhere. Within the sector, 50 South expects to commit the 50 South Private Equity Funds mostly to small- and middle-market buyout funds, though the 50 South Private Equity Funds typically have limited exposure to large-market companies through their Sub-Fund investments. 50 South believes that the market for investing in smaller companies is relatively inefficient compared to the large end of the market, and that private equity firms focused on this area have a greater potential to generate strong returns.

**Venture Capital Funds** - includes early-, expansion- and late-stage venture capital funds along with certain growth-oriented venture capital funds. While the 50 South Private Equity Fund investments in this sector will be comprised primarily of U.S.-based Sub-Funds, 50 South also makes investments in the Sub-Funds located in other countries or regions, including, but not limited to, Israel, Europe and Asia. In addition, while these Sub-Funds are expected to invest primarily in the region where their manager is located, a portion of each Sub-Fund’s commitments may be invested in companies headquartered elsewhere. 50 South will seek to diversify the 50 South Private Equity Funds’ commitments within the venture capital sector in several ways: by segment, including information technology funds and life sciences funds; by stage, including early-stage and late-stage funds; and by geography, including firms headquartered throughout the U.S. and other parts of the world; provided that certain 50 South venture capital funds will have more concentrated investments in fewer Sub-Funds. However, the investment team expects to make most of the 50 South Private Equity Funds’ venture capital commitments to early-stage funds based in the U.S.

**Private Credit Funds** - offers diversified access to the private credit markets and an alternative to traditional fixed income strategies, such as broadly syndicated bank loans or high-yield bonds. The 50 South Private Equity Fund investments in this sector seek to capture the illiquidity premium inherent in the private markets and mitigate such illiquidity through portfolio construction and customized agreements. The credit-focused 50 South Private Equity Fund will invest in a portfolio of floating rate senior debt loans made to

private equity-owned middle market companies and will source investments from underlying credit managers, with each playing a distinct role in the portfolio.

**Direct Co-Investment Funds** – includes investments directly in portfolio companies or single-investment or concentrated investment vehicles primarily through or alongside Sub-Funds of the 50 South buyout funds and venture capital funds. Direct co-investments are typically made outside of a standard private fund fee structure, and as such, deal sponsor managers have historically applied lower or even no fees in respect of such investments. Deal sponsor managers often provide co-investment opportunities to investors in their funds because the equity required for these opportunities is too large to be taken on entirely by the managers’ funds alone, which have their own sets of portfolio diversification requirements.

**Secondary Investment Funds** - certain of the 50 South Private Equity Funds invest primarily in secondary investments of Sub-Funds, as opposed to primary investments. The 50 South Private Equity secondary funds seek to purchase existing interests (“Secondary Interests”) in Sub-Funds or private equity structured vehicles (including “continuation vehicles”). 50 South also makes direct investments in private equity Sub-Funds, portfolio companies or private equity structured vehicles. 50 South believes secondary investments potentially offer investors diversification across mature private equity funds as well as shorter investment holding periods compared to funds that focus on direct fund investments.

## Item 8B - Material Risks

The list of risk factors below is not a complete enumeration or explanation of the risks involved in the 50 South Funds and Advisory Accounts or the securities in those portfolios.

Please refer to the “Risk Factors” section in the relevant Memorandum for the 50 South Funds for a more detailed discussion of the risks.

### General Risks

The risks set forth below represent a general summary of the material risks involved in the 50 South Hedge Funds, 50 South Private Equity Funds and the Advisory Accounts:

**Allocation Risk:** Asset classes in which the strategy seeks investment exposure can perform differently from each other at any given time so the strategy will be affected by its allocation among the various asset classes. If the strategy favors exposure to an asset class during a period when that class underperforms, performance may be hurt.

**Alternative Investment Fund Managers Directive:** The Alternative Investment Fund Managers Directive (the “AIFMD”), as implemented in each member state of the European Economic Area (“EEA”) and as implemented and retained by the United Kingdom (“UK”) following its departure from the EU, regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors in the EEA, and the UK



respectively. If any 50 South Fund is actively marketed to investors domiciled or having their registered office in the EEA or the UK: (i) such 50 South Fund and/or 50 South will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which would be expected to result in such 50 South Fund incurring additional costs and expenses; (ii) such 50 South Fund and/or 50 South would become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK, which would be expected to result in such 50 South Fund incurring additional costs and expenses and which may otherwise affect the management and operation of such 50 South Fund; (iii) 50 South will be required to make detailed information relating to such 50 South Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of such Fund in relation to EEA or UK portfolio companies including, in some circumstances, such Fund's ability to recapitalize, refinance or potentially restructure an investment within the first two years of ownership, which may in turn affect operations of such 50 South Fund generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a 50 South Fund to raise its targeted amount of capital commitments.

**Artificial Intelligence and Machine Learning Developments:** Recent technological advances in artificial intelligence and machine learning technology (collectively, "Machine Learning Technology"), including, e.g., OpenAI's release of its ChatGPT application, pose risks to 50 South, the General Partners, the 50 South Funds and the Sub-Funds. While 50 South is currently not permitted to utilize Machine Learning Technology in connection with its business activities, including marketing and investment activities, 50 South intends to periodically evaluate and adjust internal policies governing the use of Machine Learning Technology by its personnel, as applicable. Notwithstanding any such policies, 50 South personnel, portfolio managers, senior executives, industry specialists and other associated persons of 50 South or any affiliates of 50 South could, unbeknownst to 50 South, utilize Machine Learning Technology in contravention of such policies. 50 South, the General Partners, the 50 South Funds and the Sub-Funds expect to be further exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties, whether or not known to 50 South, also use Machine Learning Technology in their business activities. 50 South will not be in a position to control the use of Machine Learning Technology in third-party products or services, including those provided by 50 South's and its affiliates' service providers.

Use of Machine Learning Technology by any of the parties described in the previous paragraph could include the input of confidential information (including material non-public information) – either by third parties in contravention of non-disclosure agreements, or by 50 South personnel or affiliates in contravention of 50 South's policies, contractual or other obligations or restrictions to which any of the foregoing or any of their affiliates or representatives are subject, or otherwise in violation of applicable laws or regulations relating to treatment of confidential and personally identifiable information (including material non-public information) – into Machine Learning Technology applications, resulting in such confidential information becoming part of a dataset that is accessible by other third-party Machine Learning Technology applications and users.

Independent of its context of use, Machine Learning Technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that Machine Learning Technology utilizes to operate. Certain data in such models will inevitably contain a degree of inaccuracy and error – potentially materially so – and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of Machine Learning Technology. To the extent that 50 South, the General Partners, the 50 South Funds or the Sub-Funds are exposed to the risks of Machine Learning Technology use, any such inaccuracies or errors could have adverse impacts on 50 South, the General Partners, the 50 South Fund or the Sub-Funds. Conversely, to the extent competitors of 50 South and/or the Sub-Funds use Machine Learning Technology more extensively than 50 South and the Sub-Funds, there is a possibility that such competitors will gain a competitive advantage.

Machine Learning Technology and its applications, including in the private investment and financial sectors, continue to develop rapidly, and it is impossible to predict the future risks that may arise from such developments.

**Concentration of Investments:** The 50 South Funds will participate in a limited number of investments and certain 50 South Funds intend to make most of their respective investments in one industry or one industry segment and/or with a limited number of sponsors. As a result, a 50 South Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry or fund sponsor may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a 50 South Fund may invest in fewer Investments and thus be less diversified.

**Credit Investment Risk:** Investments in the senior credit industry are subject to various industry-specific risks (including additional risks related to the various segments of the credit industry). Specifically, various segments of the credit industry are (or may become) highly regulated at both the federal and state levels in the United States (including as a result of the creation of the Consumer Financial Protection Bureau) and internationally and subject to frequent regulatory changes. While the 50 South Funds intend to make investments in underlying credit portfolio funds, structured vehicles and separate accounts that make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory environment or requirements, could have a material adverse effect on the operations of the companies of the underlying credit portfolio funds, structured vehicles and separate accounts in which such 50 South Fund invests.

**Currency Risk:** To the extent an investment strategy has exposure to foreign currency or foreign-currency-traded investments, the performance of 50 South Fund or Advisory Account is expected to be more or less sensitive to fluctuating foreign exchange rates. Unless the 50 South Fund or Advisory Account has hedged its foreign currency exposure, foreign securities involve the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which an investment has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Currency hedging strategies, if used, are not always successful. For instance,

forward foreign currency exchange contracts, could reduce performance if there are unanticipated changes in currency exchange rates.

**Cyber Security Risks:** 50 South and its service providers may experience disruptions that arise from breaches in cyber security, human error, processing and communications errors, counterparty or third-party errors, technology or systems failures, any of which may have an adverse impact on client accounts. Failures or breaches of the electronic systems of 50 South or its service providers, or the issuers of investment securities, have the ability to cause disruptions and negatively impact the investment adviser's business operations, potentially resulting in financial losses to client accounts.

With the increased use of the Internet and because information technology ("IT") systems and digital data underlie most of the investment adviser's operations, client accounts and service providers and their vendors are exposed to the risk that their operations and data may be compromised as a result of internal and external cyber-failures, breaches or attacks ("**Cyber Risk**"). This could occur as a result of malicious or criminal cyber-attacks. Cyber-attacks include actions taken to: (i) steal or corrupt data maintained online or digitally, (ii) gain unauthorized access to or release confidential information, (iii) shut down a website through denial-of-service attacks or (iv) otherwise disrupt normal business operations. However, events arising from human error, faulty or inadequately implemented policies and procedures or other systems failures unrelated to any external cyber-threat may have effects similar to those caused by deliberate cyber-attacks. Among other situations, disruptions (for example, pandemics and health crises) that cause prolonged periods of remote work or significant employee absences at service providers could impact the ability to conduct operations.

Information security risks for large financial institutions are significant in part because of the evolving proliferation of new technologies, the use of the internet, mobile devices, and cloud technologies to conduct financial transactions and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. 50 South as a wholly owned subsidiary of NTC, is included in The Northern Trust Company's ("**TNTC**") firm-wide cybersecurity program. If TNTC fails to continue to upgrade technology infrastructure to ensure effective cyber-security relative to the type, size and complexity of operations, TNTC could become more vulnerable to cyber-attack(s). Additionally, our computer, communications, data processing, networks, backup, business continuity or other operating, information or technology systems, including those that TNTC outsources to other providers, may fail to operate properly or become disabled, overloaded or damaged as a result of a number of factors, including events that are wholly or partially beyond our control, which could have a negative effect on our ability to conduct our business activities.

Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, TNTC may be unable to anticipate these techniques or to implement adequate preventative measures. 50 South and its clients have been, and expect to continue to be, subject to a wide variety of cyber-attacks and threats. An externally caused information security incident, such as a cyber-attack, including a phishing scam, malware or denial-of-service attack, or an internally caused incident, such as a failure to control access to sensitive systems, could materially interrupt business operations or

cause disclosure or modification of sensitive or confidential client or competitive information. 50 South's security measures may be breached due to the actions of outside parties, employee error, failure of our controls with respect to granting access to our systems, malfeasance or otherwise, and, as a result, an unauthorized party may obtain access to our clients' proprietary and confidential information, resulting in the theft, loss, destruction, gathering, monitoring, or other misappropriation of this information. 50 South could be the subject of legal claims or proceedings related to security incidents, including regulatory investigations and actions. Further, the market perception of the effectiveness of the security measures could be harmed, our reputation could suffer, and 50 South could lose clients in conjunction with security incidents, each of which could have a negative effect on our business, financial condition and results of operations. A breach of security also may affect adversely our ability to effect transactions, service our clients, manage our exposure to risk or expand our business. An event that results in the loss of information also may require us to reconstruct lost data or reimburse clients for data and credit monitoring services, which could be costly and have a negative impact on our business and reputation. Further, even if not directed at us, attacks on financial or other institutions important to the overall functioning of the financial system or on our counterparties could affect, directly or indirectly, aspects of our business.

Due to 50 South's interconnectivity with third-party vendors, advisers, central agents, exchanges, clearing houses and other financial institutions, 50 South and the 50 South Funds or Advisory Accounts may be adversely affected if any of them are subject to a successful cyber-attack or other information security event, including those arising due to the use of mobile technology or a third-party cloud environment. 50 South also routinely transmits and receives personal, confidential or proprietary information by email and other electronic means. 50 South collaborates with clients and third parties to develop secure transmission capabilities and protect against cyber-attacks.

Cyber Risks are also present for issuers of securities or other instruments, which could result in material adverse consequences for such issuers and may cause an investment in such issuers to lose value. While 50 South and its service providers have established business continuity plans and risk management systems to prevent such cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified or that cyber-attacks may be highly sophisticated.

**Delayed Tax Information:** 50 South Funds likely will not be able to provide final tax filing information to their respective investors for any given fiscal year until after the initial tax filing deadlines for such investors' tax returns.

**Derivative Risk:** A small investment in derivatives could have a potentially large impact on the strategy's performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that changes in the value of a derivative held by a 50 South Fund will not correlate with the underlying instruments or the strategies of other investments.

**Dependence on Underlying Sub-Funds:** Sub-Fund risk encompasses the possibility of loss due to Sub-Fund fraud or inadvertent deviations from a predefined investment strategy. The 50 South

Funds and Advisory Accounts will not have control over the assets of the Sub-Funds. 50 South selects the underlying advisers who are granted full discretion over all matters relating to the manner, method and timing of investment and trading transactions with respect to the Sub-Fund's assets allocated to the advisers. The 50 South Funds and Advisory Accounts are typically minority investors in Sub-Funds and will generally not control such Sub-Funds. The underlying advisers are subject to the investment objectives, policies and restrictions that 50 South communicates to them.

**Direct Investments & Co-Investments:** 50 South generally reserves the authority to invest the assets of 50 South Funds in direct investments. Generally, direct investments by a 50 South Fund do not constitute a significant portion of such fund's or 50 South's overall investment portfolio, but may increase over time. A 50 South Fund is also permitted to obtain a direct investment by receiving a portfolio security distributed to it by an underlying fund as an in-kind distribution. In such cases, 50 South generally seeks to liquidate direct investments received as in-kind distributions after the receipt by the relevant 50 South Fund, as promptly as reasonably practicable subject to the liquidity of such direct investments. Direct investments may also include co-investments that a manager or sponsor of an underlying fund has made available to such 50 South Fund. Co-investment opportunities are generally investment opportunities in which a 50 South Fund invests alongside a fund directly in a portfolio company or portfolio investment, generally at reduced fee levels. Potential advantages of co-investments includes: investing alongside managers with extensive sector experience; ability to control capital deployment in a particular investment; and investing in selective deal-flow at reduced fees.

There is an inherent conflict of interest when 50 South values securities or assets. To address such conflict, direct investments in portfolio companies are subject to an internal valuation policy and the valuations are subject to 50 South Valuation Committee review.

**Impact of Government Regulation, Reimbursement and Reform:** Certain industry segments in which a Sub-Fund may invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each 50 South Fund intends to invest Sub-Funds that 50 South believes invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a 50 South Fund, Advisory Account and the Sub-Funds may invest.

Additionally, the SEC has enacted , and may in the future further enact, change to numerous areas of law and regulations that will impact the business of 50 South, the 50 South Funds, the Advisory Accounts and the Sub-Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has finalized and issued a number of new rules that, following their compliance dates beginning on September 14, 2024, will impose significant changes on private fund advisers and their management of private funds, and the SEC is expected



to propose additional changes in the future. These changes are expected to significantly impact 50 South and its affiliates, the 50 South Funds, the Advisory Accounts the Sub-Funds and/or their investments, as well as increasing their expenses. Significant time and resources will be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the 50 South Funds or Advisory Accounts.

**Financial Institution Risk; Distress Events.** An investment in a 50 South Fund is subject to the risk that one of the 50 South Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the 50 South Fund's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, 50 South, the 50 South Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of 50 South to manage the 50 South Funds and their investments, and on the ability of 50 South, any 50 South Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a 50 South Fund to pay fees and expenses in the event the 50 South Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a 50 South Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although 50 South expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that 50 South and/or the relevant 50 South Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institution. Although 50 South seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the 50 South Funds, 50 South is under no obligation to use a minimum

number of Financial Institutions with respect to any 50 South Fund, or to maintain account balances at or below the relevant insured amounts.

**Fund-Level Leverage:** The 50 South Funds are generally permitted to make use of leverage by incurring debt to finance a portion of its investment in a given investment. Leverage generally magnifies both the applicable 50 South Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a 50 South Fund will also result in interest expense and other costs to such 50 South Fund that may not be covered by distributions made to such 50 South Fund or appreciation of its investments. The 50 South Funds are also generally permitted to borrow money or guaranty indebtedness (such as a guaranty of an investment's debt) or otherwise be liable therefor, and in such situations, it is not expected that any 50 South Fund would be compensated for providing such guarantee or exposure to such liability. The 50 South Funds are generally permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other investment funds and entities managed by 50 South or any of its affiliates, including through fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a 50 South Fund incurs leverage (or provides such guaranties), such amounts are expected to be secured by capital commitments made by such 50 South Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such 50 South Fund.

**General Tax Considerations:** An investment in any 50 South Fund involves complex U.S. and non-U.S. tax considerations that will differ for each investor depending on the investor's particular circumstances. The investment decisions of 50 South and its affiliates will be based primarily upon economic, not tax, considerations and could result, from time to time, in adverse tax consequences to some or all investors in a 50 South Fund. There can be no assurance that the structure of any 50 South Fund or of any investment will be tax-efficient for any particular investor. Investors are urged to consult their own tax advisors with reference to their specific tax situations.

**Impact of Bank Regulatory Requirements and Recent Banking Legislation on General Partner and Fund Activities and Investments:** NTC, TNTC and their respective affiliates, including 50 South, are subject to extensive regulation and supervision under federal and state banking laws and regulations. These laws and regulations, among other things, impose potentially significant limitations on the type and level of investments that can be made by the Fund and have regulatory implications for 50 South Fund investments, which may be deemed "controlled" by the applicable 50 South Fund for purposes of the BHCA. As a result, these laws and regulations may limit the range of investments that are available to the Fund and might have an adverse effect on a 50 South Fund's total returns. In addition, changes to banking laws and regulations in the future may restrict the activities and investments of any 50 South Fund and 50 South, or may limit

TNTC's, NTC's or their respective affiliates' financial and other relationships with 50 South or a 50 South Fund or one or more investments, in a manner that may have an adverse impact on one or more 50 South Funds.

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

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

**Issuer Risk:** The value of a security held in a Sub-Fund or direct portfolio company may decline for a number of reasons, which directly relate to the issuer, such as management performance, financial advantage and reduced demand for the issuer's products or services.

**Limitation of Recourse and Indemnification:** The Governing Documents of each 50 South Fund limit the circumstances under which 50 South and its affiliates will be held liable to such 50 South Fund. As a result, investors in a 50 South Fund may have a more limited right of action in certain cases than they would have in the absence of such provisions. In addition, the Governing Documents of each 50 South Fund provide that, to the maximum extent not prohibited by applicable law, such 50 South Fund will indemnify 50 South and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of such 50 South Fund. Such indemnification obligations could materially impact the returns to investors.

**Limited Access to Information:** Investors' rights to information regarding any 50 South Fund or 50 South generally will be specified, and in many cases strictly limited, by a 50 South Fund's Governing Documents. In particular, it is anticipated that 50 South and its affiliates will obtain certain types of material information from or relating to a 50 South Fund's investments that will not be disclosed to investors because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of 50 South's control. Decisions by 50 South or its affiliates to withhold information may have adverse consequences for investors in a variety of



circumstances. For example, an investor that seeks to transfer its interest in a 50 South Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for an investor to monitor 50 South and its performance. Investors generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not 50 South or the applicable 50 South Fund succeeds in asserting confidentiality for requested documents and other materials, and 50 South reserves the right to withhold certain information from investors subject to such laws for reasons relating to 50 South's public reputation, business strategy or other reasons.

**Limited Transferability of Fund Interests:** There will be no public market for 50 South Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of 50 South Fund interests under the relevant Governing Documents and applicable securities laws. In general, withdrawals of 50 South Fund interests are not permitted. In addition, 50 South Fund interests are not redeemable.

**Litigation:** In the ordinary course of its business, a 50 South Fund and/or its investments may become subject to litigation. The outcome of such proceedings has the potential to materially adversely affect the value of such 50 South Fund and it is possible that such litigation will continue without resolution for long periods of time. Litigation has the potential to consume substantial amounts of the time and attention of 50 South and its personnel, and that time and the devotion of these resources to litigation has the potential to, at times, be disproportionate to the amounts at stake in the litigation.

**Market Conditions Risk:** The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for one or more 50 South Funds, Advisory accounts and/or Sub-Fund investments and has the potential to affect the ability of the 50 South Funds, Advisory Accounts and/or their respective Sub-Fund investments to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) has the potential to increase the risks inherent in the investments of the 50 South Funds, Advisory Accounts and their respective Sub-Fund investments and could have a negative impact on the performance and/or valuation of the underlying portfolio companies. The performance of the 50 South Funds, Advisory Accounts and their respective Sub-Fund investments can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held companies and investors' risk-free rate of return. Movements in foreign exchange rates have the potential to adversely affect the value of investments and the performance of the 50 South Funds, Advisory Accounts and their respective Sub-Fund investments. Volatility and illiquidity in the financial sector have the potential to adversely affect the ability of the 50 South Funds, Advisory Accounts and/or their respective Sub-Fund investments to sell and/or partially dispose of their respective investments. Such adverse effects include, but are not limited to, the requirement of 50

South Funds, Advisory Accounts and/or their respective Sub-Fund investments to pay break-up, termination or other fees and expenses in the event a transaction is unable to close (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the 50 South Funds, Advisory Accounts or their respective Sub-Fund investments to dispose of investments at prices that are believed to reflect the fair value of such investments.

**Need for Follow On Investments:** Following its initial investment in a given investment, a 50 South Fund generally reserves the right to decide to provide additional funds to such investment or may have the opportunity to increase its investment in a successful investment (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that any 50 South Fund will make follow on investments or that any 50 South Fund will have sufficient funds to make all or any of such investments. Any decision by a 50 South Fund not to make follow on investments or its inability to make such investments may have a substantial negative effect on an investment in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) would be expected to result in a lost opportunity for a 50 South Fund to increase its participation in a successful investment or the dilution of such 50 South Fund's ownership in an investment if a third party invests in such investment.

**No Management Control:** Investors in 50 South Funds will have no right or power to participate in the management or control of the business of the 50 South Capital Private Equity Funds and, thus, will depend solely upon 50 South's ability with respect to making, monitoring and realizing investments. Once the 50 South Capital Private Equity Funds make an investment, it will likely be an investor in the Sub-Fund with no management authority (or, in the case of a co-investment, an investor in a company with no management authority). Neither the 50 South Private Equity Funds nor 50 South will have the opportunity to evaluate specific portfolio company investments made indirectly through the 50 South Private Equity Funds investments. Generally, the 50 South Private Equity Funds will be relying on the management skills of the Sub-Funds' general partners or similar governing bodies (or, in the case of a co-investment in a company, such company's management). The 50 South Private Equity Funds are permitted to make investments in investment funds (a) with short investment histories, (b) that rely on a few key principals, and (c) that invest in companies with (i) short operating histories, (ii) that rely on a few key managers, (iii) that are organized and/or operated outside of the United States, (iv) that are highly leveraged and/or (v) that operate in rapidly changing markets.

**Hedging Arrangements; Related Regulations:** A General Partner reserves the right (but is not obligated) to endeavor to manage a 50 South Fund's or any 50 South Fund Investment's securities, currency or interest rate exposures, or other exposures, using hedging techniques where available and appropriate. The 50 South Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("**OTC**") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the 50 South Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the 50 South Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the CFTC or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of the Fund or a portfolio fund to hedge its exposure becomes limited by such requirements.

**Non-U.S. Investments:** The 50 South Funds are generally authorized to invest in Sub-Fund investments and, indirectly through Sub-Fund investments, in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments are subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the applicable 50 South Fund), the application of complex U.S. and non U.S. tax rules to cross border investments, possible imposition of non U.S. taxes on a 50 South Fund and/or its investors with respect to such 50 South Fund's income, and possible non U.S. tax return filing requirements for such 50 South Fund and/or its investors. The foregoing factors may increase transaction costs and adversely affect the value of Sub-Fund investments that invest outside the United States.

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

**Operational Risk:** The 50 South Funds are subject to operational risks. As a result, operational events may occasionally occur in connection with 50 South's management of the 50 South Funds. 50 South relies on various affiliated and unaffiliated service providers. 50 South and service providers may experience disruptions or operating errors that could negatively impact the 50 South Funds. Moreover, disruptions (for example, pandemics and health crises) that cause prolonged periods of remote work or significant employee absences at the service providers could impact the ability to conduct certain client account operations. While service providers are required to have appropriate operational risk management policies and procedures, their methods of operational risk management may differ from 50 South's in the setting of priorities, personnel and resources available or the effectiveness of relevant controls. 50 South, through its monitoring and oversight of service providers, seeks to ensure that service providers take appropriate precautions to avoid and mitigate risks that could lead to disruptions and operating errors. It is not possible for 50 South or the service providers to identify all of the operational risks that may affect an investment pool

and client accounts or to develop processes and controls to completely eliminate or mitigate their occurrence or effects.

**Past Performance Is Not Predictive of Future Performance:** The investment performance of the 50 South Funds that implement their strategies by investing in Sub-Funds is directly related to the performance and risk of the underlying funds. There is no assurance that the Sub-Funds will achieve their investment objectives. There is no assurance that the performance of 50 South or the 50 South Funds will equal or exceed past investment performance. While 50 South seeks to manage accounts so that risks are appropriate to the strategy, it is not possible to fully mitigate risks. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return will be achieved. Additional risks relevant to investments in the 50 South Funds are described in the applicable Memorandum.

**Possibility of Forced Withdrawal:** 50 South is generally permitted to unilaterally cause the withdrawal of an investor in a 50 South Fund if 50 South determines that there is a risk that the continued participation of such investor in such 50 South Fund will have an adverse effect on such 50 South Fund or 50 South which 50 South reasonably believes to be significant. With respect to certain 50 South Funds, 50 South is generally permitted to unilaterally cause the withdrawal of an investor in such 50 South Fund for any reason.

**Privacy and Data Protection Law Compliance Risk:** The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of 50 South, the General Partners, the 50 South Funds and/or its portfolio investments, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for 50 South, each 50 South Fund and/or its portfolio investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include 50 South, one or more 50 South Funds and/or their respective portfolio investments.

**Projections:** Projected operating results of a company in which a 50 South Fund or Advisory Account directly or indirectly invests normally will be based primarily on financial projections prepared by each company's management, with adjustments to such projections made by 50 South in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections

will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

**Proprietary/ Investments - Initial Funding and Concentration Risk:** NTC, 50 South's parent company, may provide initial funding to help establish 50 South Private Funds (i.e., partnerships and limited liability companies). Such initial funding by NTC is subject to internal governance and applicable laws and regulations. When establishing proprietary investment funds, NTC, its affiliates and/or their client accounts may hold all or a majority (and up to 100%) of the securities of such Private Fund.

NTC may sell its initial funding securities at any time without notice, subject to applicable Governing Documents and regulations. NTC may have an incentive to sell its initial funding securities.

NTC or its affiliates are permitted to exercise their discretionary investment authority to invest client assets to help establish 50 South Private Funds or to invest client assets in newly established 50 South Private Funds where NTC has provided initial funding. NTC and its affiliates may have an incentive to allocate client assets to establish 50 South Private Funds. As a result, NTC or an affiliate may have investment discretion over a significant percentage of assets in a 50 South Private Fund. A large redemption by NTC or an affiliate of client assets in a 50 South Hedge Fund could among other things significantly reduce the assets of such Hedge Fund, potentially affecting expense ratios, market prices, liquidity and viability.

**Public Health Emergencies; COVID-19:** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the 50 South Funds or an Advisory Account.

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.



The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the 50 South Funds or an Advisory Account. The extent of the impact on the 50 South Funds', Advisory Accounts and their Sub-Funds and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the 50 South Funds, Advisory Accounts and their Sub-Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the 50 South Funds, Advisory Accounts and the Sub-Funds intend to pursue, all of which could adversely affect the 50 South Funds', Advisory Accounts' and their Sub Funds' ability to fulfill their investment objectives. They may also impair the ability of the Sub Funds and their underlying portfolio companies) or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the 50 South Funds, their underlying portfolio companies, the General Partners and 50 South may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

**Recent Regulatory Enacted Proposals with Respect to Private Funds and their Advisers:**

Additionally, the SEC has proposed and enacted significant rules that will impact the business of 50 South and the 50 South Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact 50 South and its affiliates, the 50 South Funds and/or its investments. In addition, the 50 South Funds are expected to bear increased and significant costs as a result of such enacted and proposed rules, including costs related to reporting and disclosures to investors. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the 50 South Funds. In addition, following the applicable compliance date, such regulations will require the relevant General Partner to disclose to prospective and/or current investors certain preferential investment terms that such General Partner provides to any investor in connection with its investment in the applicable 50 South Fund, which could cause such General Partner to deny certain preferential terms to investors. Certain rules are or may

become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by such rules.

**Revolving Bank Credit Agreement:** Some of the 50 South Funds have entered into revolving bank credit agreements to borrow money to make investments, to pay redemptions, to settle currency forwards and cash management purposes. As a result, the lender will charge interest on borrowings and annual commitment fees on the unused portions of the credit lines. In the event the lender terminates a credit agreement, it could result in the 50 South Funds being unable to enter into another lending arrangement in a timely manner and it could affect the 50 South Funds' liquidity. Certain terms of credit facilities may impose constraints on investment programs.

**Russia-Ukraine Conflict:** The ongoing military conflict between Russia and Ukraine has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the 50 South Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict has the potential to have a significant adverse impact and result in significant losses to the 50 South Funds. Such impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of one or more 50 South Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) has the potential to cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which certain 50 South Funds intend to pursue, all of which could adversely affect such 50 South Funds' ability to fulfill their respective investment objectives.

**Secondary Investments:** 50 South generally reserves the authority to invest the assets of 50 South Private Equity Funds in secondary investments. Secondary investments includes (a) an investment by a 50 South Private Equity Fund in an underlying portfolio fund, which at the time of the 50 South Private Equity Fund's investment, any substantial portion of the aggregate commitments of such fund has been invested, committed or allocated for specific investments or (b) the purchase of an equity interest of an existing investor in another pooled investment vehicle.

Each of these transactions has the potential for conflicts between the interests of a Sub-Fund manager and those of 50 South (as a limited partner in a Sub-Fund) or any buyer group (which has the potential to include one or more 50 South Funds) that typically are not applicable to more traditional investment sales. For example, in circumstances where a Sub-Fund manager or an affiliate thereof will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction, their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Sub-Fund, the relevant Sub-Fund manager and/or general

partner and any buyer group (which has the potential to include one or more 50 South Funds) relating to the valuation and consideration offered for the investment(s) subject to the transaction. Where co-investors (including one or more 50 South Funds) historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Sub-Fund, and in such circumstances Sub-Funds generally reserve the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners (which has the potential to include one or more 50 South Funds) will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that a Sub-Fund manager will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of such Sub-Fund manager or any individual limited partner or group of limited partners.

In addition, there have been legislative, tax and regulatory changes and proposed changes that may apply to the activities of 50 South that may require legal, tax and regulatory changes, including requirements to provide additional information pertaining to a client account to the Internal Revenue Service or other taxing authorities.

**State, Local and Non-U.S. Taxes:** Investors may be subject to state, local and non-U.S. taxes in jurisdictions in which 50 South Fund investments directly or indirectly invest or operate or in which their portfolio companies operate. Investors may also be required to file tax returns in such jurisdictions.

**Tax and Distributions; Phantom Income:** Certain 50 South Funds are treated as a partnership for U.S. federal income tax purposes. Each investor in such a 50 South Fund will be taxed on its share of taxable income from such 50 South Fund, regardless of whether it has received any distributions from such 50 South Fund. Such taxable income (i.e., taxable income without an accompanying cash distribution) is commonly referred to as “phantom” or “dry” income. Due to possible differences between the allocation of gain or income for any tax purposes and distribution of cash relating to gain or income (including possible timing differences), there can be no assurance that investors who are subject to tax on the allocated gain or income will receive distributions sufficient to satisfy their tax liabilities fully. Further, there can be no assurance that any 50 South Fund will have sufficient cash flow to enable it to make distributions in the amount necessary for payment of all tax liability resulting from that investor’s ownership of an interest in such 50 South Fund. Accordingly, each investor should ensure that it has sufficient reserves or cash flow from other sources to pay all tax liabilities resulting from ownership of any 50 South Fund interests.

**Tax Information Exchange Regimes:** FATCA Withholding Tax on Certain Non-U.S. Entities. Numerous jurisdictions have enacted, or have committed to enact, legislation and administrative guidance requiring the collection and sharing of certain information in order to combat tax avoidance. The United States Foreign Account Tax Compliance Act (“FATCA”) aims to combat tax evasion by United States tax residents using foreign accounts. It imposes withholding taxes in certain circumstances and requires financial institutions outside the United States to collect and share information about their U.S. customers. In addition, the Organization for Economic Co-



operation and Development (“OECD”) has published a global Common Reporting Standard for the exchange of information pursuant to which many countries have now signed multilateral agreements. One or more of these information exchange regimes are likely to apply to one or more 50 South Funds and/or alternative investment vehicles and may require 50 South to collect and share with applicable taxing authorities information concerning investors in the 50 South Funds (including identifying information and amounts of certain income allocable or distributable to them).

**Tax Liability Considerations:** The 50 South Funds are permitted to take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by a taxing authority, an investor might be found to have a different tax liability for that year than that reported on its tax returns. In addition, a taxing authority’s review of one or more 50 South Fund’s has the potential to result in a review of the returns of some or all of the investors of such 50 South Funds, which examination could result in adjustments to the tax consequences initially reported by such 50 South Funds and affect items not related to an investors investment in such 50 South Funds. If such adjustments result in an increase in tax liability for any year, it is possible that such 50 South Funds or one or more of the investors in such 50 South Funds will be liable for interest and penalties with respect to the amount due. The legal and accounting costs incurred in connection with any taxing authority’s review of each 50 South Fund’s tax returns will be borne by the 50 South Funds. The cost of any review of an investor’s tax return will be borne solely by such investor. The taxation of partnerships and partners is complex.

**U.S. Taxation of Carried Interest:** U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the 50 South Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a 50 South Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership’s income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a 50 South Fund, its General Partner, or 50 South who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a 50 South Fund. This creates potential incentives for 50 South to cause a 50 South Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

**Uncertain Economic, Social and Political Environment:** Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited

availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of one or more 50 South Funds, Advisory Accounts, Sub-Fund investments and their underlying portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such 50 South Funds or Sub-Fund investments and result in longer holding periods for investments. Furthermore, such uncertainty or a general economic downturn may have an adverse effect upon the underlying portfolio companies of any 50 South Fund, Advisory Account and/or Sub-Fund investments.

**United Kingdom Exit from the European Union (the “EU”):** The UK formally left the EU on January 31, 2020 (“Brexit”), and entered a transition period that ended on December 31, 2020. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any 50 South Fund, Advisory Account and their underlying investments, including the ability of a 50 South Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a 50 South Fund, Advisory Account and their underlying investments, including the ability of a 50 South Fund or Advisory Account to achieve its investment objectives.

The legal, political and economic uncertainty generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including 50 South and underlying 50 South Fund or Advisory Account investments as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

**U.S. Federal Income Tax Liability Resulting from IRS Audits:** U.S. federal income taxes arising from a U.S. Internal Revenue Service (“IRS”) audit will be paid by the applicable 50 South Fund, absent an election to the contrary. In addition, a “partnership representative” will have the power to act on behalf of certain 50 South Funds, and/or the investors in all IRS audits and other proceedings involving such 50 South Fund’s U.S. federal income, loss, deductions and credits. The partnership representative has considerable authority to make decisions affecting the tax treatment and procedural rights of all Partners. In addition, the partnership representative has the authority to bind certain investors to settlement agreements and the right on behalf of all investors to extend the statute of limitations relating to the investors’ tax liabilities with respect to 50 South Fund items. Any adjustments resulting from an audit of a 50 South Fund may require each investor in such 50 South Fund to file an amended tax return and pay additional income taxes, which has the potential to lead to an audit of the investors’ own returns. While 50 South believes the tax treatment of the 50 South Funds’ items will be correct and proper, there can be no assurance that a 50 South Fund will not be audited and that adjustments will not be made.

### **Item 8C - Material Risks for a Particular Type of Security**

50 South Funds are alternative investment funds, including hedge funds and private equity funds that involve a high degree of risk and are not suitable for all clients. They are intended for accredited investors or qualified purchasers and sophisticated investors who are willing to bear the economic risk of the investments. Certain 50 South Funds have more aggressive investment strategies than others, which may increase the risk of investment loss. The 50 South Funds can be highly illiquid, may not be required to provide periodic pricing or valuation to investors, and may involve complex tax structures and delays in distribution of important tax information. They often are not subject to the same regulatory requirements; charge higher fees and may have limited opportunity for early redemption or transference of interests. Each investor should consult with their own advisors regarding the legal, tax, and financial suitability of the 50 South Funds. The 50 South Funds are available only to investors who meet certain financial criteria described in the private placement memorandum for each such fund. An investment in a 50 South Fund involves a high degree of risk and clients could lose all or a substantial part of their investment. Past performance is not indicative of future performance. An investment in any 50 South Fund or Advisory Account is subject to loss, including possible loss of the entire amount invested. There is no guarantee or representation that fund investments will be successful. Each 50 South Fund’s Memorandum will contain the applicable risk disclosures.

Investments in the 50 South Funds are not deposits or obligations of, or guaranteed or endorsed in any way by, NTC, its affiliates, subsidiaries, or any other bank. The Funds are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency.

### **50 South Hedge Funds Material Risks**

**Redemption Risks of Sub-Funds:** The 50 South Hedge Funds’ redemption policies may allow tenders of units in a substantially shorter period than the redemption notice and any payment terms of Sub-Funds. As a result of the difference between the 50 South Hedge Funds’ redemption policies and the redemption policies of Sub-Funds, 50 South may be required to select Sub-Funds

for liquidation based on the redemption policies of the Sub-Funds rather than other investment considerations. This may result in the remaining portfolio of Sub-Funds being less diverse in terms of investment strategies, number of managers or Sub-Funds, liquidity, or other investment considerations than would otherwise be the case. Redemption proceeds may be delayed if Sub-Funds restrict redemptions through the use of lock-ups, which delay the initial date of redemption or gates, which restrict the overall amount that can be redeemed.

**Valuation Risk:** In determining the fair value of each Sub-Fund investment on each valuation date, the underlying manager or its delegates will take into account the estimated net asset value of such Sub-Fund investment provided to the 50 South Hedge Funds by the Sub-Fund itself, as well as any other considerations that may, in the manager's or its delegate's judgment, increase or decrease such estimated value. Although the 50 South Hedge Funds will conduct due diligence with respect to each underlying manager and Sub-Fund in which the 50 South Hedge Funds invest, there are risks that such Sub-Funds and underlying managers could have inadequate valuation procedures or could issue false reports or engage in other misconduct, all without the 50 South Hedge Funds' or 50 South's knowledge. Any such occurrences could distort the Sub-Fund manager's or its delegate's valuation of such Sub-Fund investments and the net asset value of the 50 South Hedge Fund.

### **50 South Private Equity Funds Material Risks**

**Carried Interest:** 50 South Private Equity Funds' carried interest fee is based on either (i) a percentage of net profits or (ii) a percentage of distributions, in each case as further set forth in the Memorandum for the applicable 50 South Private Equity Fund. This creates an incentive for 50 South to cause the 50 South Private Equity Funds to make riskier or more speculative secondary investments than would otherwise be the case.

**Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes:** There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on any 50 South Private Equity Fund's or 50 South's activities, including the ability of the 50 South Private Equity Funds' and 50 South's ability to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the past downturn in the U.S. and global financial markets, may complicate or prevent 50 South's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, 50 South Private Equity Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

**Failure to Make Capital Contributions:** Since the 50 South Private Equity Funds' and certain 50 South Hedge Funds' investments will include commitments to meet capital calls over an extended period of time, failure by an investor to meet a 50 South Private Equity Fund capital call could result in the failure of such 50 South Private Equity Fund to meet a capital call of its

underlying investment. Such failure could have adverse consequences for such 50 South Private Equity Fund (including without limitation the possibility of forfeiture of such 50 South Private Equity Fund's interest in such Sub-Fund investment) and thus the other investors. In the event that an investor fails to meet a capital call, 50 South, in its sole discretion, may take any of a number of actions to avoid such adverse consequences (including limiting the overall commitments made by such 50 South Private Equity Fund). In addition, failure of an investor to meet a capital call gives 50 South the right to take certain punitive actions against such defaulting investor.

**Illiquidity; Lack of Current Distribution:** Investments in the 50 South Private Equity Funds should be viewed as highly illiquid long-term investments. This results from the absence of an established market for investments (which market is not expected to develop) as well as from legal and contractual restrictions on transfer. Except with 50 South's consent (which may be withheld in 50 South's sole discretion), investors may not sell, transfer, exchange, assign, pledge, hypothecate or otherwise dispose of their interest in the 50 South Private Equity Funds (or any portion thereof) nor may they withdraw from the 50 South Private Equity Funds (except in very limited circumstances). It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment, and will be impacted by determinations of the General Partner, 50 South and/or the Sub-Fund managers. Before such time, there may be no current return on the investment. The expenses of operating the 50 South Private Equity Funds (including the management fee payable) may exceed its income, thereby requiring that the difference be paid from capital, including without limitation, unfunded commitments.

**Lack of Sufficient Investment Opportunities:** The success of the 50 South Private Equity Funds depend upon 50 South's ability to identify, select and consummate fund investments that it believes offer the potential for superior returns. The availability of such opportunities will depend, in part, upon general market conditions. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty, which will affect the portfolio company investments made by the fund investments. Furthermore, a change in market conditions could lead to substantially fewer investment funds being raised, thereby reducing the number of opportunities available to the 50 South Private Equity Funds to make 50 South Private Equity Funds investments. Even if 50 South identifies attractive opportunities for 50 South Private Equity Funds, there can be no assurance that the 50 South Private Equity Funds will be permitted to invest in such opportunities. As a result, it is possible that the 50 South Private Equity Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, investors generally will be required to pay management fees based on the entire amount of their commitments throughout the duration of the fund.

**Limited Transferability of 50 South Private Equity Funds Interests:** There will be no public market for the 50 South Private Equity Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of interests under the Governing Documents



and applicable securities laws. In general, withdrawals of interests are not permitted. In addition, interests are not redeemable.

**Restricted Nature of Investment Positions:** Generally, there will be no readily available market for 50 South Private Equity Fund investments, and hence, most of the 50 South Private Equity Funds' investments will be difficult to value. Certain investments may be distributed in kind to the investors, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such investors. After a distribution of securities is made to the investors, many investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Partners may be lower than the value of such securities determined pursuant to the Governing Documents of the applicable 50 South Private Equity Fund.

**Significant Adverse Consequences for Default:** The Governing Documents of each 50 South Private Equity Fund provides for significant adverse consequences in the event an investor defaults on its capital commitment or any other payment obligation. In addition to losing its right to potential distributions from such 50 South Private Equity Fund, a defaulting investor may be forced to transfer its interest in such 50 South Private Equity Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

### **Conflicts of Interest**

50 South and its related entities engage in a broad range of advisory and non-advisory activities. 50 South will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the 50 South Funds in an appropriate manner, as required by the Governing Documents, although the 50 South Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of 50 South conducting its activities, the interests of a 50 South Fund likely will conflict with the interests of 50 South, one or more other 50 South Funds or Advisory Accounts, or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, 50 South will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion.

During the investment period of a 50 South Fund, all appropriate investment opportunities will be pursued by 50 South investment staff through such 50 South Fund, subject to certain limited exceptions set forth in the Governing Documents and 50 South's allocation policy. Without limitation, 50 South investment staff currently manage, and expect in the future to manage, other investment vehicles, including the 50 South Funds. 50 South personnel reserve the right to manage their own personal investments, whether or not through an estate planning structure, to establish trusts, or similar arrangements, and to pay or receive compensation relating to the foregoing. 50 South's investment staff will continue to manage and monitor such investments until their realization. Such other investments that 50 South investment staff expect from time to time to own a direct or indirect interest in have the potential to compete with companies acquired by a 50 South Fund or one or more Sub-Funds. Following the investment period of a 50 South Fund, 50 South investment staff reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such 50 South Fund's investments. Unless restricted by the

Governing Documents, 50 South personnel are permitted to serve on boards or act in other roles unaffiliated with 50 South or the 50 South Funds, including boards of charitable and educational institutions.

From time to time, 50 South will be presented with investment opportunities that would be suitable not only for a 50 South Fund, but also for other 50 South Funds, Advisory Accounts and other investment vehicles advised by 50 South. In determining which investment vehicles should participate in such investment opportunities, 50 South and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, 50 South is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of 50 South in a portfolio investment or Sub-Fund also have the potential to raise the risk of using assets of a client of 50 South to support positions taken by other clients of 50 South.

50 South must first determine which 50 South Fund(s) and/or Advisory Accounts will, or are required to, participate in the relevant investment opportunity. 50 South generally assesses whether an investment opportunity is appropriate for a particular 50 South Fund based on the Governing Documents, as well as factors including, but not limited to, different liquidity needs, investment timeframe, investment capacity of the investment opportunity, investment minimums, different strategy or investment needs/restrictions, tax status, client type or cash availability, ERISA considerations, registered investment company considerations and other considerations that 50 South may deem appropriate. For example, a newly organized 50 South Private Equity Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A 50 South Fund generally reserves the right to invest together with other 50 South Funds or other investment vehicles advised by 50 South in the manner set forth in the Governing Documents. 50 South will determine the allocation of investment opportunities among 50 South Funds and Advisory Accounts in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with 50 South's obligations and reserves the right to take into consideration factors such as those set forth above.

50 South's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While 50 South will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a 50 South Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which 50 South expects to be subject, discussed herein, did not exist.

In certain cases, 50 South will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a 50 South Fund. In such cases, 50 South will use its discretion to select such transferees based on eligibility and other factors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of 50 South Fund interests should be offered to one or more existing 50 South Fund investors.

Potential conflicts are expected to arise when and to the extent a 50 South Fund or Advisory Account makes investments in conjunction with an investment being made by another 50 South Fund, or if it were to invest in a Sub-Fund in which another 50 South Fund or Advisory Account has already made an investment. A 50 South Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other 50 South Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant 50 South Fund, Advisory Account and the other 50 South Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. 50 South and its affiliates reserve the right from time to time to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one 50 South Fund's or Advisory Account's investments will be the same as the returns obtained by other 50 South Funds or Advisory Accounts participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both 50 South Funds or Advisory Accounts. In that regard, actions taken for one or more 50 South Funds or Advisory Accounts may adversely affect other 50 South Funds or Advisory Accounts.

As a general matter, Fund expenses typically will be allocated among all relevant 50 South Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by 50 South or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of 50 South Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a 50 South Fund or 50 South. The 50 South Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the 50 South Funds bearing different levels of expenses with respect to the same investment.

In connection with its services to the 50 South Funds and their investments, 50 South, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of 50 South's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, 50 South and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to a 50 South Fund or its investments (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**50 South Information**"). In many cases, 50 South Information will include tools, procedures and resources developed by 50 South to organize or systematize 50 South Information for ongoing or future use. Although 50 South expects its Funds and their portfolio investments generally to benefit from 50 South's possession of 50 South Information, it is possible that any benefits will be experienced solely by other or future 50 South Funds or portfolio investments (or by 50 South and its personnel) and not by the 50 South Fund or portfolio investment from which 50 South Information was originally received or derived. 50 South Information will be the sole intellectual property of 50 South and solely for the use of 50 South. 50 South reserves the right to use, share, license, sell or monetize 50 South Information, without offset to Management Fees, and the relevant 50 South Fund or portfolio investment will



not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the 50 South Funds or portfolio investments are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio investments, the 50 South Funds or their respective investors; no such rewards will offset Management Fees.

50 South generally exercises its discretion to recommend to a 50 South Fund that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) 50 South or a related person of 50 South; (ii) an entity with which 50 South or its affiliates or current or former members of their personnel has a relationship or from which 50 South or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers; or (iii) certain limited partners or their affiliates. For example, 50 South expects to be presented with opportunities to receive financing and/or other services in connection with a 50 South Fund’s investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects 50 South to conflicts of interest, because, although 50 South selects service providers that it believes are aligned with its operational strategies and will enhance returns of the relevant 50 South Fund, 50 South has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that 50 South, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant 50 South Funds or 50 South), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. 50 South will not necessarily seek out the lowest cost options when incurring (or causing a 50 South Fund to incur) such expenses. Although 50 South generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not 50 South has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although 50 South generally structures 50 South Funds to avoid circumstances in which one 50 South Fund ultimately bears liability for all or part of the obligations of another 50 South Fund or any 50 South affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select 50 South Fund entities, which may result in a single 50 South Fund being solely liable for other 50 South Funds’ share of the relevant obligation and/or joint and several liability among 50 South Funds. In such cases, 50 South intends to cause the relevant other 50 South Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the 50 South Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market parties are expected to seek “cross default” rights under

which a 50 South Fund will be treated as in default under the relevant facility in the event of a default by another 50 South Fund or an 50 South affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a 50 South Fund's limited partners could suffer adverse effects resulting from any default by any 50 South Fund or an 50 South affiliate, whether or not related to the 50 South Fund in which such limited partners have invested.

50 South, its affiliates, and officers and employees of 50 South and its affiliates reserve the right to buy or sell securities or other instruments that 50 South has recommended to a 50 South Fund. In addition, officers and employees reserve the right to buy securities in transactions deemed unsuitable for a 50 South Fund, but will not in such circumstances be required to share in or reimburse the relevant 50 South Fund for due diligence or other expenses (including broken deal expenses) incurred by the 50 South Fund in connection with the 50 South Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in 50 South's Code. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any 50 South Fund. Employees and related persons of 50 South have, and are expected to continue to have, capital investments in or alongside certain 50 South Funds as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

A 50 South Fund's General Partner generally is permitted to receive a distribution in kind from the 50 South Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant 50 South Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than 50 South deems suitable for the 50 South Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the 50 South Fund's disposition thereof, neither the relevant 50 South Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the 50 South Fund and the amount of carried interest owed.

Except to the extent prohibited by the Governing Documents, 50 South and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles or accounts the investment or business strategy of which does not overlap with the existing 50 South Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-"assignment" provisions of the Advisers Act, 50 South and its personnel are also permitted to offer, restructure and monetize interests in 50 South.

Because there is a fixed investment period after which capital from investors in a 50 South Fund may only be drawn down in limited circumstances and because Management Fees are, at certain

times during the life of certain 50 South Private Equity Funds, based upon capital invested by such 50 South Private Equity Fund, this fee structure creates an incentive to deploy capital when 50 South may not otherwise have done so.

50 South and/or its affiliates reserve the right to enter into Side Letters with certain investors in a 50 South Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of 50 South's compensation, none of which generally will be subject to the "most-favored nation" provisions of a 50 South Fund's Governing Documents), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic, procedural and other terms.

50 South is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners, *e.g.*, based on commitment amount to a 50 South Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to 50 South, its affiliates and personnel or the 50 South Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to 50 South, its affiliates and personnel, or the 50 South Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make Commitments to multiple 50 South Funds. Except where required by Governing Documents or by applicable law, rule or regulation, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a 50 South Fund, 50 South, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject 50 South to potential conflicts of interest, including in circumstances where an investor's right to serve on any advisory committee of 50 South or any 50 South Fund, as applicable, results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant 50 South Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant 50 South Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although 50 South believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a 50 South Fund have the potential to create significant variations in limited partner investment returns or

exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant 50 South Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a 50 South Fund.

The relevant liability standards under insurance coverage procured by 50 South are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in 50 South's insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects 50 South and/or its affiliates to potential conflicts of interest. 50 South attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds or Advisory Accounts and the obligations owed by 50 South's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a 50 South Fund, other 50 South Funds, Advisory Accounts and such investment vehicles in a manner it believes to be fair and equitable to the 50 South Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, 50 South will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict.

#### **Item 9 - Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of 50 South or the integrity of 50 South's management.

There are no material legal/compliance disciplinary events involving 50 South or any of its management personnel.

From time to time, 50 South may be involved in regulatory examinations or litigation that arises in the ordinary course of business. We are not aware of any regulatory matters or litigation that we believe would be material to an evaluation of our advisory business or the integrity of our management.

#### **Item 10 - Other Financial Industry Activities and Affiliations**

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##### **Item 10A - Broker-Dealer Registrations**

50 South is not registered as a broker or dealer nor does it have an application pending to register as a broker or dealer. Certain 50 South employees are registered representatives of its affiliated broker-dealer, Northern Trust Securities, Inc. (“NTSI”).

**Item 10B – Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor and Non-U.S. Registrations**

50 South is registered with the CFTC as a CPO, a CTA, and a designated swap firm. 50 South is a member of the National Futures Association. Certain 50 South employees are listed principals and associated persons of the CPO/CTA. 50 South relies on exemptions for relief from certain reporting and recordkeeping requirements applicable to CTAs.

50 South is currently relying on the Investment Fund Manager exemption within certain Canadian provinces.

**Item 10C - Related Persons and Nature of Conflicts**

Conflicts of interest are inherent in large diversified financial services companies. Northern Trust has a strong financial and reputational interest in maintaining long-term client relationships. 50 South seeks to mitigate potential conflicts of interest in the management of client accounts in a number of ways, including making clients aware of the existence of conflicts, disclosing fees earned in fund prospectuses, Memoranda, Form ADVs, fee schedules, client agreements, account statements and establishing procedures that are reasonably designed to manage conflicts of interest. 50 South personnel only solicit proprietary 50 South Funds and Advisory Accounts.

As set forth above, 50 South is controlled by NTC, a financial holding company and publicly held company. NTC is a global organization that provides through its affiliates a comprehensive array of financial services including, but not limited to, investment advisory, trust, custody, administration and securities lending. As a result, 50 South has relationships with NTC’s related persons and affiliates that are material to 50 South’s business. Such related persons and affiliates, and the nature of the conflicts includes the following:

**Broker-Dealer:** 50 South and NTSI, a broker-dealer registered under the Securities Exchange Act of 1934, are under common control.

NTSI serves as the placement agent for certain 50 South Hedge Funds and 50 South Private Equity Funds.

**Investment Company or Other Commingled Investment Funds:** 50 South serves as the investment adviser to an investment company registered under the 1940 Act and investment adviser, general partner and managing member and/or investment adviser to unregistered private funds, including the 50 South Funds. The clients of affiliates may be solicited to invest in the 50 South Funds. 50 South and its affiliates, including NTC and its affiliates receive fees and expenses in connection with the management, administration, transfer agent, custody and accounting services provided to these funds.



50 South and 50 South employees serve on the Board of Directors of the Cayman Islands domiciled 50 South Hedge Funds structured as exempted companies. Employees do not receive compensation for their service as directors to these 50 South Hedge Funds.

**Affiliated Investment Advisers:** NTI, The Northern Trust Company of Hong Kong Limited, Northern Trust Global Investments Japan, K.K. (“**NTKK**”), Northern Trust Global Investments, Ltd. (“**NTGIL**”), NTSI, NT Global Advisors, Inc. (“**NTGAI**”), and NT Asset Management Australia Pty Ltd (“**NTAM Australia**”) are affiliated investment advisers of 50 South. NTI, NTGIL, and NTSI are registered under the Advisers Act and are subsidiaries of NTC. NTI is registered with the CFTC and is a member of the National Futures Association (“**NFA**”) as a CPO and CTA and designated as a Swap Firm. NTSI is registered with the CFTC and is a member of the NFA as a CTA. NTKK is registered as an investment adviser in Japan, NTGAI is registered as an investment adviser in Canada, and NTAM Australia is registered as an investment adviser in Australia. NTGAI and NTAM Australia are indirect subsidiaries of NTC and direct subsidiaries of The Northern Trust International Banking Corporation (“**NTIBC**”). NTKK is a wholly owned subsidiary of NTI. Northern Trust Fund Managers (Ireland) Limited, is an investment management company in Ireland and an indirect subsidiary of NTC and direct subsidiary of NTIBC. Advice given to one or more clients may differ from and may conflict with advice from these investment advisers. 50 South’s employees are required to act in the best interest of their clients and generally without knowledge of trading positions or other operations of its advisory affiliates.

**Banking Institution:** TNTC, an Illinois state banking corporation and NTI, an Illinois state banking corporation and registered investment adviser under the Investment Adviser’s Act of 1940, as amended, are affiliates of 50 South through common control. From time to time, 50 South acts as an investment adviser to TNTC clients. In addition, 50 South acts as an investment adviser to the 50 South Funds which such persons and their respective affiliates’ clients may invest. A majority of 50 South registered and unregistered fund assets represent client accounts of TNTC.

#### **Item 10C - Other Material Affiliated Relationships**

50 South has common management and officers with some of its affiliates. 50 South shares facilities with affiliates and relies on affiliates for various administrative support, including information technology, human resources, business continuity, legal, compliance, insurance, finance, marketing, enterprise risk management and internal audit.

The above noted affiliations creates potential conflicts of interest. 50 South seeks to mitigate the potential conflict by managing the portfolios fairly and within client and regulatory guidelines through regular peer reviews attended by portfolio management, compliance and members of senior management. In addition, 50 South seeks to mitigate potential conflicts of interest through an oversight committee governance structure and by maintaining policies and procedures that include, but are not limited to, personal and portfolio trading and custody.

In addition, the 50 South Funds’ Sub-Funds currently use, and may in the future use one or more of NTC’s affiliated entities for its banking, trust, custody, administration, investment advisory, brokerage, underwriting, and related services. In such circumstances, Northern Trust would



receive more revenue than when the 50 South Funds are invested in Sub-Funds to which Northern Trust does not provide services. 50 South does not have control over whether the Sub-Funds in which the 50 South Funds invest engage Northern Trust for any services in respect of such Sub-Funds.

50 South provides an employee co-investment program to certain management personnel that aligns their interests of private equity with the 50 South Funds they manage.

50 South serves as the tax matters partner of the 50 South Funds. As such, in the event that a 50 South Fund is subject to an income tax audit by any U.S. federal, state or local authority, 50 South is authorized to act on behalf of the 50 South Funds.

Given the interrelationships among 50 South and its affiliates, there are expected to be other or different potential conflicts of interest that arise in the future that are not included in this section. As 50 South becomes aware of additional potential or actual conflicts of interest, they will be reviewed, and we will seek to mitigate them, on a case-by-case basis.

#### **Item 10D – Compensation for Selection of Other Investment Advisers**

50 South does not receive compensation from other investment advisers that are recommended or selected for 50 South clients.

#### **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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**Code of Ethics:** 50 South maintains a Code of Ethics (the “Code”) designed to meet the requirements of Rule 204A-1 of the Advisers Act and Rule 17j-1 of the 1940 Act. 50 South has adopted a Code that provides its employees with the framework and sets the expectations for business conduct. The Code is designed to reinforce our reputation for integrity by placing the interests of clients first, while avoiding even the appearance of impropriety and to confirm compliance with federal securities laws. The Code sets forth procedures and limitations that govern the personal securities transactions in accounts beneficially owned by our employees. 50 South, and its related persons and employees, are permitted, under certain circumstances and consistent with the Code, to purchase or sell for such person or entity’s own accounts securities that we also recommend to clients. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

All 50 South employees are subject to the Code. Compliance with the Code is a condition of employment and requires quarterly affirmation by all employees. The Code contains various reporting, disclosure and approval requirements regarding an employee’s personal securities transactions. The Code also imposes certain limitations and restrictions on the timing of transactions for all employees. 50 South employees are allowed to trade for their personal accounts but are subject to pre-clearance procedures and a minimum 60-day holding period for any Covered Security, as defined in the code. Employees must obtain approval prior to participating in initial

public offerings and must also obtain approval before transacting in any privately offered securities.

Generally, 50 South employees are required to maintain personal trading accounts at approved brokers that provide direct data feeds into 50 South's personal trading system. All pre-clearance requests and executed trades are tested against automated rules within the system to verify they do not violate Code requirements. All alerts generated by the automated rules are reviewed by Compliance to determine if they are violations. All violations are discussed and formally recorded at the Ethics Committee, are sanctioned in accordance with sanctions guidelines, and employees are required to complete additional Code training. 50 South employees, under certain circumstances and consistent with the Code, invest for their own account in investment pools for which 50 South or its affiliates may also invest on behalf of client accounts. 50 South employees may also participate directly or indirectly in unregistered investment pools.

50 South employees are also subject to 50 South and corporate policies, programs and guidelines that contain important information pertaining to the use of confidential information and the protection thereof. Employees may receive material non-public information ("MNPI") as part of their day-to-day responsibilities at 50 South. Employees are required and trained to identify the sensitivity of such information received and adhere to the MNPI policy adopted by 50 South, the TNTC Disclosure Policy, the TNTC Standards of Conduct Policy, the TNTC Code of Business Conduct and Ethics, and the TNTC Securities Transaction Policy and Procedures, all of which are informed by federal securities laws. Any instances of receipt of MNPI must be escalated to the Compliance department for review, assessment, and guidance on course of action.

50 South has adopted a gifts and entertainment policy that provides its employees with the framework and sets the expectations for business conduct related to the provision or receipt of gifts and entertainment, including limitations and reporting requirements. The policy is designed to safeguard against conflicts of interest, bribery and corruption. Generally, 50 South employees are prohibited from providing or receiving gifts or entertainment that could be considered excessive or inappropriate, or intended to influence a recipient. Further, 50 South has implemented policies regarding outside business activities. 50 South has also established policies and procedures relating to political contributions that are designed to comply with applicable federal, state, and local laws. The intent of these policies is to minimize the opportunity for conflicts to arise.

50 South and its affiliates, investment staff and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities /recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

Clients may obtain a copy of the Code of Ethics by contacting 50 South at the address noted in this brochure.

**Interest in Client Transactions:** While the transactions discussed below may present conflicts of interest for 50 South, 50 South manages its accounts consistent with applicable law, and follows procedures that it believes are reasonably designed to treat its clients fairly and to prevent any client or group of clients from being systematically favored or disadvantaged.

50 South serves as investment manager, director, managing member or general partner of the 50 South Funds and receives fees or other direct or indirect benefits from the 50 South Funds in which clients invest. Such investments may present a conflict of interest because 50 South or a related person has a financial interest in the transaction. 50 South maintains policies, procedures and controls, which it believes are reasonably designed to ensure such conflicts are addressed. 50 South provides advice and makes investment decisions for client accounts that it believes are consistent with each client's stated investment objectives. Advice given to clients or investment decisions made for these clients may differ from, or may conflict with, advice given, or investment decisions made for an advisory or bank affiliate or another Fund or client. Action taken with respect to affiliates may adversely affect client accounts, and actions taken by client accounts may benefit affiliates. In addition, 50 South is permitted to invest in the same securities that 50 South or its affiliates recommend to clients. Such interests are generally unknown to 50 South. When 50 South or its affiliates hold for their own benefit the same securities as a client, 50 South could be viewed as having a potential conflict of interest.

In general, 50 South will not, as principal, buy securities for 50 South from, or sell securities 50 South owns to, any client. Supervisory personnel would review/approve any exceptions to this.

50 South has established certain restrictions, procedures and disclosures designed to address conflicts of interest that may arise between its employees and clients as well as between clients and 50 South itself or its affiliates. Subject to pre-approval requirements, select employees invest in certain 50 South Funds. 50 South employees must act in the best interests of its advisory clients and generally do not have knowledge of proprietary trading positions or certain other operations of 50 South or its personnel. 50 South employees may benefit from educational events that service providers such as law firms, prime brokers, audit firms and other professional firms sponsor. Additionally, employees may serve on Sub-Fund or portfolio companies advisory boards.

## **Item 12 - Brokerage Practices**

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50 South completes subscription and redemption documents for the 50 South Funds regarding their respective transactions in Sub-Funds. Each Sub-Fund invests directly in portfolio securities and/or other investments. Generally, 50 South does not affect the purchase or sale of individual securities and instruments for its client accounts. 50 South Funds will engage in currency hedge and/or spot currency transactions. 50 South is permitted to receive in-kind distributions from Sub-Funds that need to liquidate through a broker. 50 South periodically reviews the brokerage practices and soft dollar arrangements, to the extent there are any such arrangement in place, of the 50 South Funds Sub-Funds.

50 South does not select or recommend broker-dealers in return for client referrals, accept directed brokerage instructions, or receive soft dollar benefits in connection with any transactions.

### **Item 13 - Review of Accounts**

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Decisions regarding the investment allocations to the Sub-Funds for 50 South Private Equity Funds and 50 South Hedge Funds are made in accordance with the 50 South allocation policy. In making these decisions, 50 South generally considers whether each selected investment is appropriate for one or more Advisory Accounts and/or one or more 50 South Funds based on criteria germane to the investment objective, which includes, but is not limited to, overall fund objectives, regulatory and other considerations, such as the Advisory Accounts' or 50 South Funds' investment objectives, available capital, risk considerations, investment strategy, current investment portfolio, diversification requirements, legal and tax considerations. Any investment guideline violations are promptly reported to Compliance.

50 South has implemented internal controls as part of TNTC's Third Party Risk Management ("TPRM") policy in order to oversee and manage the entities providing services to 50 South and all 50 South Funds, including services provided by affiliates of 50 South. In addition, annually, the independent Board of Trustees of the registered 50 South Hedge Fund reviews the nature, quality and extent of the services provided by its service providers, including affiliates of 50 South.

Clients also receive a periodic status report that includes information regarding the account holdings, fees and the account performance. Reports for Advisory Accounts can be customized to the client's requirements.

### **Item 14 - Client Referrals and Other Compensation**

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50 South selects or recommends third-party managers and Sub-Funds for Advisory Accounts and the 50 South Funds. These third-party managers or Sub-Funds do not compensate 50 South. Further, 50 South does not receive an economic benefit from non-clients for providing investment advice or services to 50 South's Advisory Account or 50 South Funds. 50 South does not currently have any agreements to compensate solicitors to refer clients; however, 50 South is permitted to enter into any such agreements in the future. Clients may use third party consultants to recommend investment decisions such as when to invest or redeem in a 50 South Fund. While 50 South does not pay these consultants for such referrals, 50 South may pay to participate in consultant-sponsored conferences to obtain information about industry trends, among other items. Advisory or bank affiliates may receive indirect compensation for the referral of certain clients as discussed in Item 10 "Other Financial Industry Activities and Affiliations."

### **Item 15 - Custody**

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Generally, 50 South does not maintain custody of client assets. However, per Rule 206(4)-2 under the Investment Advisers Act, (the "**Custody Rule**") due to 50 South's relationship to the 50 South Funds and to its affiliate, TNTC, 50 South is deemed to have custody of funds or securities held

in the name of one or more 50 South Funds, subject to certain exceptions set forth in the Custody Rule and related guidance.

50 South's Advisory Account clients are responsible for selecting the qualified custodian at which their assets will be maintained. All clients for whom 50 South is deemed to have custody receive quarterly account statements directly from the qualified custodian. Clients should compare the information in 50 South's quarterly client statement with the information in the custodian account statement and contact us if the statements do not match.

The 50 South Funds offered to investors are audited annually by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board. The audited financial statements are distributed to investors annually.

50 South's affiliate, TNTC, has custody of certain of 50 South's client funds or securities. 50 South's investors, regardless of their advisory relationship, are under no obligation to use TNTC or any other affiliate as custodian of their assets.

50 South reviews the effectiveness of its custody controls on an ongoing basis.

#### **Item 16 - Investment Discretion**

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50 South exercises full investment discretion for all of the 50 South Funds. As a general policy, 50 South does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, 50 South and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of, or otherwise be excused from, certain investments for legal, tax, regulatory, internal policy or other similar reasons. 50 South assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund.

50 South does not currently have discretionary authority for 50 South's Advisory Accounts. This means 50 South only recommends the applicable Sub-Funds to be subscribed to or redeemed from. 50 South does not invest in Sub-Funds on a client's behalf. 50 South considers the investment objectives and guidelines for the particular client account in 50 South's recommendations to the client.

In those instances where 50 South provides non-discretionary advisory/consulting services, such arrangements and limitations are outlined in the investment advisory agreement at the outset of an advisory relationship. When recommending third party and proprietary funds, 50 South observes the investment guidelines, limitations, recommendations and restrictions of the clients for which it advises. Clients must deliver their investment guidelines, objectives and restrictions to us in writing and we will adhere to such guidelines and restrictions when making investment decisions.

**Item 17 - Voting Client Securities**

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50 South has adopted proxy voting policies and procedures (the “**Proxy Voting Policy**”) for the voting of proxies on behalf of client accounts for which 50 South has voting discretion. Under the Proxy Voting Policy, 50 South must vote the shares to reflect its clients’ best interests. As the 50 South Funds are fund of funds and rarely engage in direct trading of equities, proxy voting is infrequent. Further, to address certain 1940 Act requirements regarding affiliated transactions, 50 South Hedge Funds will enter into contractual arrangements with Sub-Funds to waive some or all voting rights.

The Proxy Voting Policy, procedures, guidelines and information on how we voted proxies may be obtained by contacting:

50 South Capital Advisors, LLC  
Attn: Compliance, - M12  
50 South LaSalle Street  
Chicago, Illinois 60603

**Class Action Claims and Litigation:** Unless otherwise agreed with the client or required by 50 South’s duties under applicable law, 50 South is not responsible for pursuing class-action claims, litigation, and/or bankruptcy claims.

Additionally, 50 South will generally not serve as a lead plaintiff in direct or class action litigation on behalf of clients.

**Item 18 - Financial Information**

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50 South has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.