



ADV Part 2A: Brochure

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March 27, 2024

This Brochure provides information about the qualifications and business practices of Recurring Capital Management Company, LLC ("**Recurring Capital**"). If you have any questions about the contents of this Brochure, please contact us at info@recurring.capital. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Recurring Capital is also available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Item 2: Material Changes

Recurring Capital reviews its Form ADV Part 2A Brochure at least annually to confirm it remains current. In this item, the Firm is required to summarize material changes made to this Brochure since the last Form ADV amendment filed as of June 30, 2023. Since the previous Form ADV amendment, the following changes have been made to the Brochure:

- Item 10: Other Financial Industry Activities and Affiliations
 - Updated to reflect a new financial affiliate for the Firm, Recurring Capital Fund IV GP, LLC.
 - Recurring Capital Fund IV, GP LLC is the general partner for the newly launched private pooled investment vehicle, Recurring Capital Fund IV, L.P.
- Item 15: Custody
 - Recurring Capital engaged a surprise auditor registered with the Public Company Accounting Oversight Board for calendar year 2023 in accordance with Custody Rule requirements. The surprise examination audit report was filed by the independent accounting firm within 120 days of the examination.

Recurring Capital encourages all recipients to read this Brochure carefully in its entirety.

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Item 4: Advisory Business

Recurring Capital Management Company, LLC (“Recurring Capital” or the “Firm”), a Delaware limited liability company, is an investment management company located in Austin, Texas. Recurring Capital provides investment advisory services to investment funds privately offered to qualified purchasers and accredited investors. The Firm commenced operations in September 2016. Recurring Capital was founded and is owned by Brian Henley.

Recurring Capital provides portfolio management and investment advisory services to private pooled investment vehicles (“Funds” or “Clients”). Recurring Capital engages in advisory services with Funds that rely on exemption from registration with the SEC under Section 3(c)1 and Section 3(c)7 of the Investment Company Act of 1940, as amended (“Investment Company Act”). Funds relying on the Section 3(c)7 exemption are offered exclusively to qualified purchasers that meet the investment criteria outlined in Section 3(c)7 of the Investment Company Act. Funds relying on Section 3(c)1 exemption are offered to accredited investors under the criteria defined in the Investment Company Act.

Recurring Capital’s investment advisory services include identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and selling portfolio investments. The Firm specializes in debt financing for Software as a Service (“SaaS”) and other recurring revenue model technology-driven companies. Recurring Capital manages each of its Funds within the guidelines and restrictions set forth, as applicable, in each Fund’s private placement memorandum, limited partnership agreement (or limited liability company or other applicable governing agreement), subscription agreements, management services and advisory agreements, side letter agreements and other governing documents of the relevant Fund (collectively, as amended, “Governing Documents”) and within regulatory guidelines and limitations. See Item 8 for additional information regarding the Firm’s investment strategies and risks.

Each of the Funds are controlled by a general partner (“General Partner”) or managing member or similar governing entity as provided in the Governing Documents. Each Fund’s General Partner has appointed Recurring Capital (or an affiliate thereof) to serve as the Fund’s investment manager, pursuant to a written agreement. The General Partner in its discretion may offer co-investment opportunities to one or more Funds or their affiliates, and to other funds, private investors, groups, entities, or individuals. Co-investors will be determined by the General Partner in its sole discretion, and co-investment opportunities will be offered on a deal-by-deal basis.

Recurring Capital does not participate in any wrap fee programs.

Recurring Capital managed \$218,134,733 in Client assets (“AUM”), all on a discretionary basis, as of December 31, 2023.

Item 5: Fees & Compensation

The following is a general description of the fees, compensation, and other expenses of the Funds. Each Fund’s Governing Documents will generally describe fees, compensation and expenses in greater detail. Investors should refer to such Governing Documents of the applicable Fund for a complete understanding of how Recurring Capital is compensated for its advisory services.

With respect to each Fund, the respective General Partner, in its sole discretion, is permitted to enter into side letters and other agreements granting more favorable rights or terms to specific investors. These rights or terms may include among other items: rights to receive additional, more frequent or specialized reports and rights to reduced or waived performance fees, breakpoints, limits, co-investments and/or management fees.

Management Fee Payable to Recurring Capital

The Funds generally compensate Recurring Capital for its advisory services through the payment of a management fee (the “Management Fee”) as detailed in each Fund’s Governing Documents. The Management Fee for the Funds is generally 2.0% per annum of the aggregate capital commitments. Fees are calculated and collected quarterly, either in arrears or in advance as set forth in the applicable offering documents.

Certain Funds and/or direct or indirect investors in such Funds may bear higher or lower or no Management Fee from time to time. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how Recurring Capital is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety to those documents.

Carried Interest

As more fully described in the applicable Governing Documents, a Fund’s General Partner will generally receive a carried interest (the “Carried Interest”) with respect to such Fund generally, while subject to change, equal to 20% of cumulative distributions in excess of capital invested, subject to preferred return provisions. The Carried Interest distributed to the General Partner would usually be subject to a potential clawback at the end of a Fund’s life if such General Partner has received excess cumulative distributions, and at certain interim intervals as provided in the Governing Documents. Each Fund’s Carried Interest arrangement differs and is further described in full detail in the relevant Fund’s Governing Documents. In some situations, Carried Interest tax distributions are made to the General Partner before all capital is returned and the preferred return is delivered to investors. In these situations, the tax distributions are applied as reductions to future Carried Interest distributions.

Certain Funds and/or direct or indirect investors in such Funds can incur higher or lower or no Carried Interest from time to time. Firm personnel, as well as partners, members, employees, officers, directors, business associates, consultants, advisors and their respective affiliates of Recurring Capital (and its affiliates) may invest in the Funds indirectly through the Funds’ General Partners (or other affiliates), and in certain cases may not pay Carried Interest with respect to their investments in the Funds.

Expenses

Recurring Capital and/or the relevant General Partner will generally, in accordance with and subject to each Fund’s Governing Documents, be responsible for its own operating and overhead expenses, including facilities expenses, employee compensation and employee benefits, rent, equipment expenses and utilities.

The Funds will typically bear all costs and expenses incurred in purchases, sales or exchanges made in connection with the Funds’ investment activities, including legal, auditing, consulting, administration, custodian, tax returns and accounting fees and expenses. In the case that one or more co-investment vehicles are established to co-invest in a portfolio investment, then the Funds and any co-investment vehicles will share fees and expenses related to such portfolio investment.

Special Purpose Vehicles

Recurring Capital may earn management and performance fees or carried interest from third parties or co-investment vehicles in connection with any such special purpose investment vehicle. Any such fees or carried interest earned by the General Partner or its Affiliates from third parties in connection with such special purpose vehicles will be paid to the General Partner or its Affiliates according to the terms of the special purpose vehicle Governing Documents. In general, expenses related to any special purpose investment vehicle will be split pro rata among the applicable special purpose investment vehicle investors whereas expenses related to a portfolio company with multiple investing entities will be split equitably among the investing entities, including special purpose investment vehicles, as applicable.

Item 6: Performance-Based Fees & Side-by-Side Management

Each Fund's items of income, gain, and loss are initially allocated among the investors of the Funds in proportion to their investment percentage interest or capital account balance. To the extent that investors in each Fund have combined distributions from the Fund in excess of invested capital and the preferred return, if any (and subject to regulatory investor eligibility requirements) the Fund will pay the performance-based fees. Certain of the General Partner's affiliates and other limited partner investors, are subject to reduced fee terms, including breakpoints for higher commitments.

Performance-based fees may create an incentive for the General Partner of the Fund to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such fees were not allocated to the General Partner. Such arrangements also create an incentive for Recurring Capital to favor higher fee-paying Funds over other Funds in the allocation of investment opportunities. Recurring Capital seeks to ensure allocation of investment opportunities among Funds occurs on a fair and equitable basis at all times.

Recurring Capital may earn carried interest in connection with any such special purpose investment vehicle. Recurring Capital may also receive additional performance-based fees in connection with any special purpose vehicle. Detailed information concerning Recurring Capital's earned carried interest can be found in each Fund's or special purpose investment vehicle's Governing Documents.

Recurring Capital does not manage any accounts other than the Funds and special purpose investment vehicles.

Item 7: Types of Clients

Recurring Capital provides investment advisory services to pooled or other investment vehicles that operate as private investment funds. The Funds are offered privately to a limited number of qualified investors, which may include institutional investors and individuals qualified to invest in the Funds (depending on the applicable exemptions under the federal securities and other applicable laws).

Each Fund's minimum capital and investor qualification requirements are set forth in the Fund's Governing Documents and each investor is furnished with a copy of the partnership agreement (or equivalent – e.g., operating agreement) and other Governing Documents which detail the terms, conditions and risks regarding the investment.

Recurring Capital's Clients may include co-investment vehicles designed to aggregate third-party investments, alongside a Fund, directly into a single portfolio asset. The General Partner may offer co-investment opportunities in its sole discretion, to one or more (but not necessarily all or even any) Fund investors, affiliates of Recurring Capital, and/or third parties if it determines that:

- an investment requires additional capital;
- all or a portion of the applicable opportunity is not required to be offered to a Fund;
- the full investment opportunity is not appropriate for a Fund, whether due to concentration restrictions contained in the Fund's Governing Documents or otherwise; or
- Recurring Capital believes the Fund will benefit from the participation of the co-investor(s).

In determining whether to offer any portion of an investment opportunity as a co-investment, Recurring Capital will take into account its fiduciary duties of loyalty and care to its Funds and Fund investors. Furthermore, co-investment opportunities may be made available to select Fund investors and third parties, including, without limitation, management or founders of the applicable portfolio company, co-sponsors, strategic investors, lenders, investment bankers, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), sector experts, strategic advisors, other persons or entities affiliated, associated or otherwise known to Recurring Capital or its personnel. Also, certain service providers, including lenders and individuals who source transactions, may in the future negotiate co-investment rights or co-investment priority rights as a component of their compensation in connection with the services provided.

The investors participating in the Funds and special purpose vehicles may include individuals, banks, or other thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates, or charitable organizations of corporations or business entities and may include, directly or indirectly, principals or other employees of Recurring Capital and its affiliates.

Recurring Capital provides investment management services only to Funds as described in Form ADV, including this Brochure.

Important Notice

This Brochure may be provided to prospective investors in a Fund, together with the Fund's confidential Private Placement Memorandum ("PPM") and other related documents in connection with an investor's consideration of an investment in a Fund. While this Brochure may include information about Recurring Capital or a Fund, it is not a complete representation of all the features, risks or conflicts associated with the Fund. Additional documentation, for example the PPM and other related documents, should be reviewed carefully prior to investing in a Fund.

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

The following is a summary of Recurring Capital's significant investment strategies, material risks and methods of analysis. This Brochure is not intended to address every potential strategic nuance or possible risk of every Fund Recurring Capital offers. Investors in Funds are encouraged to carefully review additional information about investment and other risks in the Funds' Governing Documents.

Methods of Analysis

Recurring Capital and the General Partners of Funds seek attractive risk-adjusted returns by making loans to and purchasing equity in companies with recurring revenue business models.

Recurring Capital's investment philosophy emphasizes capital preservation by investing in companies with strong business value attributes meeting underwriting standards. Funds generate investment returns through directly sourced, underwritten, negotiated, and monitored investments. Loan investments typically include upfront and prepayment transaction fees and floating-rate interest payments. Investment opportunities are sourced through the Investment Manager's, General Partners' and affiliates' network of relationships with banks, investment banks, equity investors, and other service providers in the technology industry.

Investment Strategies

Recurring Capital targets investments in software and technology-enabled companies with recurring revenue business models. The Firm invests in private securities, including secured loans and preferred equity securities.

Recurring Capital seeks to become a trusted capital partner that supports the growth and equity value creation of the companies in which its Funds invest. The Firm actively monitors each investment through regular tracking of key financial metrics and seeks investment returns through fees, loan interest and amortization payments, loan refinancings, and portfolio company sales and recapitalizations.

A full description of the Firm's investment strategy and processes are included in each Fund's Governing Documents.

Risk Factors

Investing in the Funds involves risk of loss up to and including the loss of an investor's entire investment. Prospective investors or their advisors should carefully read the risk factors in the confidential private placement memorandum of each Fund in which they may invest. The following does not purport to be a complete list of all risks that may be relevant to a decision to purchase an interest in a Fund.

Risks Related to Client Business and Structure

Fees and compensation not at arm's length: The fees and compensation Clients will pay to Recurring Capital and certain third-party service providers will not be determined on an arm's-length basis with an unaffiliated third party. As a result, the form and amount of such compensation may be less favorable than they might have been had the respective agreements been entered into through arm's-length transactions with an unaffiliated third party.

Phantom Income: For U.S. federal income tax purposes, certain Clients will include in their taxable income certain amounts that they have not yet received in cash, such as original issue discount, which may arise if a Client receives warrants in connection with the origination of a loan or possibly in other circumstances, or contractual PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such original issue discount or increases in loan balances as a result of contractual PIK arrangements will be included in the Client's taxable income before it receives any corresponding cash payments and, accordingly, before such amounts are distributed to investors. Therefore, investors may have tax liability without receiving any distribution from the Client.

Internal Analysis Risk: Given the relatively small business structure and employee base of Recurring Capital, the Firm may not contract with outside due diligence firms and may not meet with a company's management before making an investment in the particular company. From time-to-time, such limitations may elicit internal investment analysis mistakes that presents risks to investors in the Funds and special purpose vehicles, including additional risk of loss within investments.

Risks Related to Investments

Nature of Investments: Investments in early-stage companies such as those in which Recurring Capital's Funds intend to invest and to which the Funds intends to provide loans and equity investments, while often presenting attractive return profiles, may also entail larger risks than are customarily associated with investments in large companies. Many of the portfolio companies may be unseasoned and may lack technical, marketing, financial and other resources. These companies may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel or the loss or ineffectiveness of a key executive or executives within the management team, may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to overall economic conditions than larger, more established entities and will likely face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable.

In addition, future growth may be dependent on additional debt or equity financing, which may not be available on acceptable terms when required. In some cases, the time required for the applicable industry to adopt products or services could be beyond the term of the investment. The marketplace for the sale of debt and equity securities of smaller, private companies is highly illiquid, which would make it very difficult for the Funds to exit any investment prior to its term.

Allocation of Investment Risk: Recurring Capital manages multiple investment funds and vehicles that invest or may invest in the same or similar companies and investments, which may expose multiple Funds to risk of investment loss. Members of the Investment Manager, and its affiliates, may face conflicts in the allocation of investment opportunities among Fund, Clients and other investment vehicles managed by Recurring Capital with similar or overlapping investment objectives.

No Assurance of Profitability; Past Performance: No assurance can be given as to the Funds' ability to choose, make and realize any particular investment. There can be no assurance that the Funds will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of

investments to be made by the Funds. Investments made by the Funds are subject to a wide range of risks, including the impact of economic trends and other externalities beyond the control of the Funds or the General Partner, which could cause such investments to lose value. There can be no assurance that any limited partner will receive any distribution from the Funds. Accordingly, an investment in the Funds should only be considered by persons that can afford a loss of their entire investment. The past investment performance of the principals, other persons affiliated with the General Partner or the Funds' other advisors should not be relied on as an indicator of the Funds' future performance or success. Past performance may include the positive or negative impact of general industry, economic and other factors, over which none of such persons had any control. The nature of, and risks associated with, the Funds' future investments may differ substantially from those investments and strategies undertaken historically by the principals, the Investment Manager or any other person described herein, and such persons' experience may not be applicable to other types of investments. There can be no assurance that the Funds will achieve results comparable to past investments made by such persons.

Lack of Diversification: There is no assurance that sufficient diversification of investments can be properly achieved in any Recurring Capital Fund. The Funds will focus on growth stage investments in companies with a recurring revenue business model. Thus, the performance of the Funds will be closely linked to the performance of this industry, and the Funds could be severely impacted by adverse developments affecting this industry. Further, if the capital raised by the Funds is less than the targeted amount, the Funds may invest in fewer portfolio companies and therefore be less diversified. A consequence of a limited number of investments or of similar investments is that the aggregate returns realized by investors may be adversely affected by the unfavorable performance of a small number of these investments.

Investing in Technology Companies: Recurring Capital focuses a significant portion of investments on technology companies. The value of the Interests may be susceptible to factors affecting the technology industry and to greater risk than an investment in a partnership with interests in investment vehicles that invest in a broader range of securities. The specific risks faced by such companies include:

- Rapidly changing science and technologies (including artificial intelligence);
- Products or technologies that may quickly become obsolete;
- Exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals; and
- Changing investor sentiments and preferences with regard to technology sector investments (which are generally perceived as risky).

Dependence on Patents, Trademarks, and Other Intellectual Property: Many technology companies depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent and other disputes relating to intellectual property are frequent and can preclude commercialization of products, and patent and other litigation is costly and could subject a portfolio company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a portfolio company's core product.

Borrowings: Funds will have the right to incur indebtedness, and the cost of such debt, and any failure to meet such debt obligations could adversely affect the distributable cash flows available for distributions to investors. It is anticipated that borrowings will be secured by any and all assets of the Funds, including

investments, accounts in which capital contributions are deposited and the Funds' right to call additional capital contributions from the limited partners. The Funds' ability to make interest and principal payments on such borrowings when due will depend on their ability to pay with available cash or generate cash in the future. This, to a certain extent, is subject to financial, competitive, legislative, regulatory and other factors that may be beyond the Funds' control. In addition, borrowings by the Funds may expose the Fund to interest rate risk and the Funds may be less likely to be profitable or meet their goals if interest rates increase. Further, the Funds do not expect to have a credit facility in place at the time of the initial closing of the Fund. Finally, the Funds' ability to refinance then-existing indebtedness may be limited in the event the Fund lenders refuse to extend additional credit or if the Funds are not able to locate alternative borrowing sources, or where refinancing indebtedness is not available under interest rates and other terms acceptable to the Funds.

Reliance Upon Portfolio Company Management: The General Partner of a Fund usually will not seek representation on the board of directors of portfolio companies and will seek to develop a good working relationship with the management of such companies. As such, the Funds are not expected to have an active role in the day-to-day management of the companies in which they invest. Generally, as a condition to any investment, the Funds will seek to obtain special rights and protective covenants, which will be negotiated at the time of the investment. However, such protective covenants will not generally afford the Funds the right to exert significant influence. As such, the Funds will rely significantly on the existing management and board of directors of its portfolio companies, which may include representation of other financial investors with whom the Funds is not affiliated and whose interests may conflict with the interests of the Funds.

The success of many of the Funds' portfolio companies will likely be heavily dependent on the key personnel of such companies. There can be no assurance that the key personnel of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with such portfolio company throughout the period the portfolio investment is held. Further, the business and operations of software and technology companies in which the Funds may invest often experience rapid organizational change that may strain the performance of the portfolio companies' key personnel. In the event that the senior management of a portfolio company performs poorly, or if a key manager terminates employment, the Fund's investment in such company could be adversely affected.

Growth-Stage Investments: The Funds will primarily make debt and equity investments in privately-held, growth-stage technology companies that focus primarily on a recurring revenue business model. Such companies may face intense competition, including competition from established companies with greater financial and technical resources, more extensive development, marketing and service capabilities and a greater number of qualified managerial and technical personnel. The Funds may not be represented on a portfolio company's board of directors, and each portfolio company will be managed by its own officers (who generally will not be affiliated with the Fund or the General Partner). Portfolio companies may have substantial variations in operating results from period-to-period and experience failures or substantial declines in value at any stage.

Risk of Default by Portfolio Companies: The Funds' portfolio companies may be unable to repay or refinance outstanding principal on their loans at or prior to maturity. This risk and the risk of default is increased to the extent that the loan documents do not require the portfolio companies to immediately pay down the outstanding principal of such debt prior to maturity. In addition, the Funds generally expect debt investments will be subject to variable interest rates; if general interest rates rise, there is a risk that the Funds' portfolio companies will be unable to pay escalating interest amounts, which could result in a default under their loan documents. Any failure of one or more portfolio companies to repay or refinance its debt at

or prior to maturity or the inability of one or more portfolio companies to make ongoing payments following an increase in contractual interest rates could have a material adverse effect on the performance of the Funds' investments. Further, if it becomes unlikely that a portfolio company will have the financial resources to satisfy its obligations under any debt investment, the Funds may be required to write-down all or a portion of such investment.

Subordination: In some instances, the Funds' debt investments may be subordinated to another lender to a portfolio company. Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same portfolio company. Adverse changes in the financial condition of a portfolio company, general economic conditions, or both may impair the ability of such company to make payments on the Funds' subordinated debt investment and result in defaults on the Funds' debt investment more quickly than in the case of the senior obligations of such portfolio company.

Bankruptcy of Portfolio Companies: The Funds may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state laws in connection with such bankruptcy proceedings could operate to the detriment of the Funds. In the event of bankruptcy of a portfolio company, the Funds may not have full recourse to the portfolio company's assets in order to satisfy the Funds' debt investment, or the Funds' debt investment may be subject to "equitable subordination." This means, that depending on the facts and circumstances, including the extent to which the Funds actually provide significant "managerial assistance," if any, to that portfolio company, a bankruptcy court might recharacterize the Funds' debt holding and subordinate all or a portion of its claim to that of other creditors. Bankruptcy and portfolio company litigation can significantly increase collection losses and the time needed for the Funds to acquire the underlying collateral in the event of a default, during which time the collateral may decline in value, causing the Funds to suffer losses.

Prepayments: The Funds are subject to the risk that its debt investments may be repaid prior to maturity. While the Funds will generally include prepayment penalties in the terms of its debt investments, if a prepayment occurs the Funds' investment performance could be adversely affected.

Risks Related to Minority Positions: The Funds do not expect to have any significant control rights with respect to the portfolio companies in which they invest except in the case of a default under an investment. Third parties will generally control the portfolio companies in which the Funds acquire an interest, which may have interests that are different than or conflict with the Funds' interests. Disagreements with third parties that exercise control over portfolio companies in which the Funds makes an investment may limit the Funds' ability to bring about operating, strategic or other changes with respect to such portfolio companies. Investments in certain portfolio companies in which the Funds may invest with third parties may involve risks not present in portfolio investments where a third party is not involved, including the possibility that a third-party partner or co-investor may have financial difficulties resulting in a negative impact on such portfolio investment, may have economic or business interests or goals which are inconsistent with those of the Funds or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of their third-party partners or co-investors.

Enforcement of Covenants: The Funds will generally structure debt investments in portfolio companies to include business and financial covenants placing affirmative and negative obligations on the operation of the company's business and its financial condition. However, from time-to-time the Funds may elect to waive breaches of these covenants, including the Funds' right to payment, or waive or defer enforcement of remedies, such as acceleration of obligations or foreclosure on collateral, depending upon the financial condition and prospects of the particular portfolio company. These actions may reduce the likelihood of

receiving the full amount of future payments of interest or principal and be accompanied by a deterioration in the value of the underlying collateral as many of these companies may have limited financial resources, may be unable to meet future obligations and may go bankrupt, which could negatively impact the Funds' investment performance and returns to investors.

Lender Liability: The Funds may be subject to lender liability claims for actions taken by the Funds with respect to a portfolio company's business or instances where the Funds exercise control over the portfolio company. It is possible that the Funds could become subject to a lender's liability claim, including as a result of actions taken in rendering significant managerial assistance or actions to compel and collect payments from the portfolio company.

Restrictions on the Sale or Transfer of Portfolio Company Securities: The Funds will seek to obtain warrants or other direct equity positions in conjunction with their debt investments and may be prohibited by shareholders agreements, investor rights agreements, lock-up agreements, insider trading restrictions or other similar arrangements from selling or transferring such securities for a period of time, during which the price of such securities could decline.

Financial Market Fluctuations and General Economic Conditions: General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise. General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity and participation by other investors in the financial markets may affect the value, availability and performance of portfolio investments. Potential investors should realize that the General Partner of the particular Fund may determine to delay realization events to the limited partners as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions or other reasons mentioned herein. While under normal circumstances distributions will be made in cash, it is possible that certain distributions to the limited partners may be made in kind and could constitute securities for which there is no readily available public market and with respect to which there are substantial transfer restrictions.

Cybersecurity Risk: Recurring Capital, the Fund General Partners, and Recurring Capital Access Persons each transmit, process, and store large amounts of electronic information, including information relating to the transactions of the Funds as well as personally identifiable information of investors. Similarly, service providers for the Funds, such as the Fund's administrator, may transmit, process, and store such information. Recurring Capital and each Fund General Partner have the procedures and systems in place that they believe to be reasonably designed to protect the risks associated with cybersecurity such as data loss and information security. However, any such measures cannot ever provide absolute security.

Risk of Catastrophic Events: The Funds may be subject to risk of loss arising from the direct or indirect exposure to various catastrophic events such as hurricanes, earthquakes, tornados or other natural disasters; war, terrorism or other armed conflicts; cyber-attacks, prolonged power outages, or other network interruptions; and public health crises such as endemics, pandemics, or infections disease outbreaks. To the extent that any such event occurs and has a material effect on global financial markets or the specific markets in which the Funds are exposed, the risk of loss can be substantial.

Illiquid Partnership Investments: Funds will primarily make debt and equity investments in portfolio companies that will initially be privately held. As a result, there will be no readily available secondary market

for the Funds' debt investments or equity interests in such portfolio companies, and those investments and interests will be subject to legal and in many cases contractual restrictions on transfer. There is no assurance that the Funds will be able to realize liquidity for any such equity positions in a timely manner, if at all. Unless a portfolio company subsequently succeeds in obtaining approval from the relevant authorities to list its shares on a recognized exchange, this avenue to liquidity for the Funds' equity positions in portfolio companies will not be available to the Funds, which must then rely on other means to achieve liquidity. In addition, the Funds may be precluded from selling their shares in a public portfolio company for some time after such portfolio company's initial public offering. It may be difficult for the Funds to value its equity interests in privately held portfolio companies.

Limited Operating History: The Funds were formed expressly for the purpose of carrying out the activities described in their Governing Documents. Although Recurring Capital has substantial investment experience, the Funds and the General Partners of the Funds have limited operating history upon which to evaluate the Funds' likely performance. The Funds will be dependent upon the experience and expertise of Recurring Capital in managing its investments and administering its day-to-day operations. There can be no assurance that Recurring Capital will be able to implement successfully the strategies that the Funds intend to pursue.

Competition for Investments: The small business lending market is competitive and evolving. The Funds will be competing for access to several portfolio investments with banks and other early-stage investors, as well as individuals, financial institutions, strategic and other investors. Recently, online platforms have developed, giving portfolio companies access to alternative sources of capital that were not available in the past. Many of these competitors have significantly greater financial resources than the Funds and may have a greater market share, offer a broader range of products, services or features, assume a greater level of risk, have lower operating or financing costs, or have different profitability expectations than the Funds. As a result, certain competitors may be able to offer more attractive terms than Recurring Capital is able to offer, or they may be able to structure their loan products in a manner that would appear to be more attractive to a potential portfolio company. In addition, the availability of investment opportunities generally will be subject to market conditions, as well as, in some cases, the prevailing regulatory or political climate. The Funds' ability to attract qualified borrowers depends in large part on the success of its marketing efforts and its ability to identify and convert opportunities. If the Funds are not able to attract new borrowers in a cost-effective manner, or if the Funds' terms are priced less favorably than those offered by its competitors, potential borrowers may choose to take an offer from a competitor. There can be no assurance that the Funds will be able to locate, consummate and exit investments that satisfy its investment objectives, or that the Funds will be able to fully invest their capital commitments.

Reliance on the General Partners, Recurring Capital, and the Principals: The success of the Funds depends in substantial part on the skill and expertise of the principals and certain other key personnel of the General Partners. The General Partners of the Funds will have exclusive responsibility for managing the Funds' activities and will delegate many of its duties to Recurring Capital. Investors will not be able to make investments or any other decisions in the management of the Funds. The General Partner, Recurring Capital and, consequently, the Funds will rely exclusively on the efforts and expertise of the principals. The loss of any of the principals could have a significant adverse impact on the business of the Funds.

Valuation of Fund Assets: The General Partner's valuations will be based to a large extent on its estimates, comparisons and qualitative evaluations of private information, which may be incomplete or inaccurate. The limited partners, therefore, may not be able to replicate the General Partner's methodology or to value accurately the Funds' investments. The amount of judgment and discretion inherent in valuing assets renders valuations uncertain and susceptible to material fluctuations over possibly short periods of time. The

General Partner's determination of an investment's fair value may differ materially from the value that would have been determined if a ready market for the securities had existed and the valuations other third parties ascribe to the same investment were available. The General Partner's valuation of an investment at a measurement date may also differ materially from the value that is obtained upon the disposition of the investment.

Establishment of Additional Partnerships: Subject to the terms of the partnership agreement, the General Partner may organize new funds substantially similar to the Funds. There is no assurance that limited partners in the Funds will be offered the opportunity to participate in any subsequent partnerships.

Enhanced Risk Relative to Prior Funds: As market dynamics evolve, the Funds may structure investments differently than prior funds to remain competitive. Examples may include, but are not limited to, interest-only periods, the credit capacity of a potential borrower relative to recurring revenue, the composition of interest paid in cash versus that paid in-kind, the loan term, financial covenants, the structure of repayment and various other terms related to a potential investment. Therefore, with certain investments, the resulting risk profile comprised of such terms may exceed the risk profile of investments made in prior funds.

Restrictions on Transfer and Withdrawal: There will be no public market for the interests. In addition, the interests are generally not transferable except with the consent of the General Partner. Limited partners may not withdraw capital from the Funds except under limited circumstances for limited partners subject to ERISA. Consequently, limited partners will generally not be able to liquidate their investments prior to the end of the Funds' term. In addition, the limited partnership interests have not been registered under the Securities Act or any other applicable securities laws, and such laws will further restrict a limited partner's ability to transfer interests in the Funds.

Indemnification: The Funds will be required to indemnify the General Partner, the Investment Manager, the partnership representative and their affiliates (including the principals), and the officers, directors, employees, any direct or indirect partners, members or shareholders of the General Partner, the Manager, the Fund or any such affiliate incurred in connection with the affairs of the Funds, subject to certain limited exceptions. Such liabilities may be material and have an adverse effect on the returns to the investors. Any indemnification obligation of the Funds would be payable from the assets of the Funds, including certain unfunded capital commitments of the limited partners, and the limited partners may be required to return certain amounts distributed to them to fund any such indemnification obligations of the Funds.

Certain Litigation Risks: The Funds will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of the Funds. Legal disputes involving any or all of the Funds, the General Partner, their partners or their affiliates may arise from the foregoing activities (or any other activities relating to the operation of the Funds or the General Partner) and could have a significant adverse effect on the Funds.

Impact of Government Regulation, Reform: The Funds may make investments in portfolio companies operating in industries that are subject to greater amounts of regulation than other industries generally. Investments in portfolio companies that are subject to greater amounts of governmental regulation pose additional risks relative to investments in other companies generally. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures and/or regulatory capital requirements in the case of banks or similarly regulated entities. A portfolio company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose

more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business, and governments may be influenced by political considerations and may make decisions that adversely affect a portfolio company's business. Additionally, certain portfolio companies may have a unionized work force or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems.

While a Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including, in particular, the regulated 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 Fund invests.

Failure of Counterparties to Perform Obligations Risk: In the ordinary course of business, the Firm and Funds rely on various financial counterparties, which include, but are not limited to, banks and custodians ("Counterparties"). These Counterparties may, from time to time, default on their obligations with or without notice. Such defaults may include, but are not limited to, a Counterparty's bankruptcy, insolvency, or other failure. There is a risk of loss of assets on deposit at a Counterparty. Although government agencies or other organizations provide insurance coverage to depositors in the event of a Counterparty failure, coverage is limited to a specified amount and subject to rules and regulations. Prior events where a government agency or other organizations made depositors whole over their excess deposits at select Counterparties, should not be construed as a guarantee that such action will be taken in the future. There is no guarantee that any excess deposits are recoverable and, moreover, even if recoverable, there may be a significant delay in the ability to access all or part of these recoverable amounts. Access to capital is subject to a variety of external factors that are outside of Recurring Capital's control. A Fund's or Client's ability to access capital may have an impact on its ability to conduct operations in the normal course including, but not limited to, paying expenses, funding investment opportunities resulting in delayed or missed opportunities, and calling capital from or making distributions to limited partners. Deposits concentrated at one or a limited number of Counterparties may amplify these risks and may result in the complete loss of capital.

Item 9: Disciplinary Information

Recurring Capital is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of the Firm or the integrity of Recurring Capital's management. Recurring Capital has no legal or disciplinary information to disclose at this time.

Item 10: Other Financial Industry Activities & Affiliations

Recurring Capital's Funds are typically formed as Delaware or Texas limited partnerships which are controlled by a general partner or managing partner, respectively (in each case, a "General Partner", and collectively, the "General Partners"). Below is a listing of those entities which are affiliated with Recurring Capital, and which serve as a general partner for each of the Funds.

- Recurring Capital GP, L.P.
 - Recurring Capital Fund I (QP), L.P.
 - Recurring Capital Fund I, L.P.
 - Recurring Capital Fund II, L.P.
 - Recurring Capital Fund III, L.P.
- RCC GP, LLC
 - RC Rio, LP
- RC Pecos GP, LLC
 - RC Pecos, LP
- RCSI GP, LLC
 - RC Structured Investments, L.P.
- RC Wichita GP, LLC
 - RC Wichita, LP
- RC Sabine GP, LLC
 - RC Sabine, LP
- Recurring Capital Fund IV GP, LLC
 - Recurring Capital Fund IV, L.P.

The General Partners and each Recurring Capital Fund, Client or special purpose vehicle have entered into management agreements to document the delegation of management of each Fund, Client or special purpose vehicle to Recurring Capital and/or the General Partners. Recurring Capital's employees, advisors, and managing members may devote portions of their time to existing portfolio companies and other related investment activities and are not limited to the activities of Recurring Capital and the Funds' different portfolio companies.

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

Recurring Capital holds its employees to a high standard of integrity and business practice. Recurring Capital has adopted a Code of Ethics ("Code") pursuant to SEC Rule 204A-1 of the Investment Advisers Act of 1940 that is intended to serve as a guide to administering and overseeing procedures relating to the professional conduct and personal trading practices of Recurring Capital personnel. All employees of the Firm are required to familiarize themselves with the Code, attest to having received and read the Code, and adhere to its principles.

Below is a summary of the Code:

Fiduciary Duty: The Code sets forth a standard of business conduct that considers Recurring Capital's status as a fiduciary and requires Access Persons to place the interests of the Funds and Fund investors above their own interests and the interests of the Firm. Access Persons must adhere to the highest standards with respect to any potential conflicts of interest, and as a fiduciary, must always act in the Client's best interest. All employees will act with competence, dignity, integrity, and in an ethical manner when dealing with Clients, investors, the public, prospects, third-party service providers and fellow employees. Access Persons must use reasonable

care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting Recurring Capital's services, and engaging in other professional activities.

Preventing Insider Trading: Recurring Capital prohibits any employee from acting upon, misusing, or disclosing any material, non-public information, known as insider information, and any violations of this policy will result in prompt disciplinary action and/or termination. Recurring Capital's policy is to protect the confidentiality, integrity, and security of any non-public, personal information of its clients and prospects and to prevent unauthorized access to, or the use or disclosure of, such information. Recurring Capital maintains a restricted list of all reportable securities for the Firm, and anyone associated with its advisory practice. The list is regularly reviewed and updated by the Chief Compliance Officer or his/her compliance designee. When a company is placed on this list, no employee (or member of their immediate family/household) may trade in the securities or recommend trading in the securities until the restricted company is removed from the list. Employees are expected to regularly review the restricted list before providing advisory services.

Avoiding Conflicts of Interest: Recurring Capital's policies and procedures related to personal trading activity of employees aim to demonstrate Recurring Capital's commitment to placing its Funds' interests ahead of employees' personal trading interests. All Access Persons must disclose to the Chief Compliance Officer any beneficially owned brokerage accounts that can hold reportable securities. Further, all Access Persons must report any transactions of reportable securities that they have affected in such accounts on at least a quarterly basis. Non-discretionary trading accounts will not be subject to this quarterly reporting, but these accounts must still be disclosed to the Chief Compliance Officer.

Contributions, Gifts and Entertainment, and Outside Business Activities: The Code also includes policies regarding disclosure of political and charitable contributions, gifts and entertainment, and outside business activities. Access Persons are prohibited from making political contributions for the purpose of soliciting investments from state or local governments. Access Persons are also prohibited from giving or receiving gifts and/or entertainment or participating in outside business activities that may pose a conflict of interest to Recurring Capital or its Clients.

Reporting Violations: Recurring Capital expects all employees to notify appropriate persons of real or potential violations of the Code. Recurring Capital has established methods of reporting for employees to utilize in the event of realized violations of the Code.

Participation or Interest in Client Transactions: Allocation of investment opportunities will be fair and equitable to all Clients. Recurring Capital will not unfairly favor any Client over any other Client. Recurring Capital recognizes its obligation to identify, monitor, and where appropriate, seek to reduce or eliminate potential conflicts of interest that might interfere with the performance of its fiduciary duties to Clients. Each General Partner of the Fund may make a capital commitment to the applicable Funds and its capital commitment will be funded through such General Partner, individually or through other affiliates. In addition, Recurring Capital, the General Partners and their respective members, employees and affiliates may participate in co-investments with a Fund.

Recurring Capital makes its Code of Ethics available to any investor or prospective investor for review upon request.

Item 12: Brokerage Practices

Recurring Capital focuses on making investments in private securities and therefore does not ordinarily deal with any financial intermediary such as broker-dealers. If Recurring Capital does transact in public securities for the Funds, it will select brokers based upon the broker's ability to provide best execution for the Funds, which may include research provided, ability to execute, block trading capabilities, timely communication, and other pertinent factors.

Recurring Capital does not maintain relationships with broker-dealers that feature soft-dollar benefits or referral arrangements.

Recurring Capital does not receive client referrals from a broker-dealer or third party that requires disclosure of conflicts of interests between the Firm and any broker-dealer or third party.

Item 13: Review of Accounts

Recurring Capital and its employees monitor each of the investments it makes in portfolio investments on an ongoing basis to review the progress of such investments and seek to ensure that such investments remain consistent with the Funds' investment strategies, objectives, and investment restrictions (as applicable). Portfolio companies are required to provide Recurring Capital with certain reporting, including monthly financial statements and key performance indicators, annual financial statements, annual operating budgets including quarterly projected income statement, balance sheet and cash flow.

The Funds furnish financial and capital account statements quarterly, or as specified in the Governing Documents, to all limited partners. In addition, limited partners may be furnished with performance reports, which may include, among other data, the Manager's analysis of certain existing and prospective investments and the Fund's performance. Any such analyses and projections are subject to, and should be reviewed in connection with, the investment disclaimers contained in the quarterly statements. In addition, each limited partner will be provided with the tax information necessary to complete its U.S. federal income tax returns, including Schedule K-1s.

Recurring Capital shall determine the fair value of each Fund's assets in its discretion as provided in such Fund's Governing Documents.

Item 14: Client Referrals and Other Compensation

Recurring Capital may, from time to time, enter into arrangements in which persons who are not supervised persons (such as placement agents or financial advisors) assist in the capital-raising efforts. Recurring Capital will not engage a placement agent that is not duly registered with FINRA (or, if applicable, corresponding non-U.S. authorities).

Other than compensation and expense payments described under Item 5, Recurring Capital does not accept economic benefits from a person who is not a Client for providing investment advice or other advisory services.

Item 15: Custody

Recurring Capital generally does not have physical custody of Client funds or securities. However, Recurring Capital or its financial affiliates, because of their position with the Funds, will generally be deemed to indirectly have custody of the funds and securities of the Funds under Advisers Act Rule 206(4)-2 (“Custody Rule”).

To comply with Custody Rule requirements, Recurring Capital has engaged an audit firm registered with the Public Company Accounting Oversight Board (“PCAOB”) to conduct a surprise independent verification of Client funds and securities for the calendar year 2023. The surprise audit firm has filed a certificate on Form ADV-E with the SEC stating that it has examined the funds and securities for which Recurring Capital is deemed to have custody. The filed surprise examination report is available for review at www.adviserinfo.sec.gov.

Recurring Capital’s Clients and underlying investors within Recurring Capital’s Funds receive quarterly capital account statements in accordance with the Custody Rule. Recurring Capital encourages investors to carefully review these statements.

Recurring Capital additionally obtains an annual audit of the Funds’ financial statements by an independent public accountant. Audited financial statements are made available to investors upon completion in compliance with the Custody Rule. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) distributed as required by the Governing Documents or by law.

Item 16: Investment Discretion

Recurring Capital maintains the authority to manage the Funds on a discretionary basis, subject to the overall supervision of the applicable General Partner of each Fund, in accordance with the investment guidelines, objectives, limitations and other provisions and terms set forth in the Funds’ Governing Documents.

Each Fund’s investment strategy (and restrictions, if any) are set forth in such Fund’s Governing Documents. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant general partner, and not to the individual investors in such Funds.

Item 17: Voting Client Securities

Recurring Capital generally does not trade in individual publicly traded securities that require it to vote traditional proxies. On an infrequent basis, Recurring Capital may receive traditional proxy solicitations.

To the extent Recurring Capital votes proxies, it will exercise voting authority in accordance with its proxy voting policies and procedures and will seek to vote any such proxies in the best interests of the Funds and Fund investors (as applicable).

Recurring Capital will provide a copy of its proxy voting policy to investors upon request. Investors may also obtain how Recurring Capital voted any previous public proxies, if any.

Item 18: Financial Information

Recurring Capital does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients. Recurring Capital has not been subject to any bankruptcy proceedings.