

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of First Citizens Institutional Asset Management, LLC (“FCIAM”, the “Company”, “us”, “we”, “our”).

FCIAM is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser. The Company’s registration as an investment adviser does not imply any level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Any questions about the contents of this brochure should be directed to Cherie Harris, Director, at (212) 461-5761. Additional information about FCIAM is also available on the SEC’s website at www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in the firm name). Results will provide you with both Parts 1A and 2A of our Form ADV.

Item 2 – Material Changes

This Item 2 summarizes only the “material changes” to our Disclosure Brochure since our last annual updating amendment filed on March 30, 2023:

Item 8:

- We have updated Item 8 to reflect changes to the risks applicable to FCIAM’s investment advisory services.

FCIAM can, at any time, update this Disclosure Brochure and, in its discretion, may send to you an updated copy. Annually, within 120 days of its fiscal year end, FCIAM will provide you a copy of this Disclosure Brochure including this summary of material changes, or this summary of material changes and an offer to send you a copy of the Brochure. FCIAM may provide these documents to you by electronic means (which you consent to by providing us with your email address) or in hard copy form.

If you would like another copy of this Disclosure Brochure, please download it from the SEC’s Investment Adviser Public Disclosure website or contact us.

Important Note about this Brochure

This Brochure is not:

- **an offer or agreement to provide advisory services to any person;**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle; or**
- **a complete discussion of the features, risks or conflicts associated with any investment vehicle or advisory service.**

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), FCIAM provides this Brochure to current and prospective clients and can also, in its discretion, provide this Brochure to current or prospective investors in an investment vehicle, together with other relevant documents, such as the investment vehicle’s offering or private placement memorandum, organizational documents and related transaction documents, as applicable, prior to, or in connection with, such persons’ investment. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of FCIAM, persons who receive this Brochure (whether or not from FCIAM) should be aware that it is designed solely to provide information about FCIAM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure could differ from information provided in other relevant documents. More complete information about each investment vehicle is included in its relevant documents, certain of which can be provided to current and eligible prospective investors only by FCIAM, its affiliate(s) or other authorized parties. To the extent that there is any conflict between discussions herein and similar or related discussions in any applicable relevant documents, such relevant documents shall govern and control.

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Item 4 – Advisory Business Firm Description

FCIAM was incorporated under the laws of the State of Delaware on March 17, 2006. Effective January 4, 2022, FCIAM's former parent company, CIT Group Inc., merged with and into First-Citizens Bank & Trust Company, a North Carolina chartered commercial bank ("FCB"), with FCB as the surviving company (the "Merger"). As a result of the Merger, FCIAM became an indirect, wholly-owned subsidiary of FCB. FCB is a direct, wholly-owned subsidiary of First Citizens BancShares, Inc., a Delaware corporation with shares listed on NASDAQ that trade under the symbol FCNCA.

FCB and certain of its affiliates provide, among other things, financing, leasing, advisory, and other products and services to small and middle market businesses across a wide variety of industries. FCB also offers products and services to consumers. FCB was founded in 1898 and is headquartered in Raleigh, North Carolina.

Description of Advisory Services

FCIAM provides investment management, advisory and certain administrative services to clients, typically pursuant to an investment advisory agreement or other governing document that describes the terms of the engagement (collectively, "Governing Documents").

Clients will generally consist of (i) privately offered pooled investment entities ("Private Funds"), which are joint ventures between FCB and one or more third-party institutions, and (ii) institutional separately managed accounts ("SMAs") (collectively "Clients"). The investments made by FCIAM on behalf of, or recommended to, its Clients are expected to consist primarily of loans and/or leases, or interests in loans and/or leases.

Client assets are managed in accordance with the particular investment objectives, strategies, restrictions and guidelines set forth in each Client's investment advisory agreement, limited liability company agreement, and any other applicable governing documents ("Governing Documents"). FCIAM does not tailor its advisory services to the needs of individual investors in Private Funds. However, at the establishment of a joint-venture relationship, specific investment criteria, obligations, or restrictions can be established for a Private Fund, in consultation with prospective investors. Criteria for each Client, including investment objectives, restrictions, guidelines, and other information are set-out in the Governing Documents for each Client. Prior to investing in a Private Fund, prospective investors and joint-venture partners should carefully review the Governing Documents.

FCIAM identifies, recommends and/or effects possible investments for its Clients and provides ongoing oversight and monitoring services with respect to a Client's investment portfolio. In the case of a joint venture, FCB or its affiliates' personnel will generally serve on the Client's board and/or investment committee, along with representatives from the third parties. A Client's portfolio of loans or leases (or a portion thereof) can be sourced by FCB and its affiliates (for more information on sourcing and allocation decisions for Clients, see Item 11, below). In addition, from time to time, loans or leases can be sold by FCB or its affiliates to a Client in arm's-length transactions that will be fair valued by the Client's members and/or a third-party vendor. (See Item 11, below, for a discussion of principal and cross transactions).

In the future, FCIAM expects to provide advisory services to other pools of capital or accounts, including collateralized loan obligation vehicles ("CLOs"), asset-backed strategy vehicles, commercial equipment

finance vehicles and other Private Funds and SMAs, relating to the origination, management, and disposition of loans or leases.

Wrap Fee Programs

FCIAM does not participate in or sponsor any wrap fee programs.

Assets Under Management

As of December 31, 2023, FCIAM had on a non-discretionary basis, assets under management of \$910,866,401, and on a discretionary basis, assets under management of \$0.

Item 5 – Fees and Compensation

How FCIAM is Compensated for Advisory Services

FCIAM is compensated for its investment advisory and management services to Clients through receipt of investment management fees as provided in applicable Governing Documents. FCIAM can also receive an incentive fee based upon performance measurements. The management fee for Private Funds and the SMAs varies based on the Client, but it is generally based on the aggregate balance of a Client's portfolio loans and leases as of the determination date, as reduced by charge-offs in accordance with generally accepted accounting principles ("GAAP").

Management fees and incentive fees are negotiated between FCIAM and each Client on a case-by-case basis. There are no set fee schedules. Private Fund management fees are generally payable quarterly in arrears. SMA management fees are generally payable in arrears on a management fee payment date, as defined in the investment advisory agreement. Both management and incentive fees are calculated in accordance with the Governing Documents for the applicable Client. FCIAM or a Private Fund could enter into side letter arrangements providing different or more favorable terms, including with respect to fees, to an investor. Decisions to grant fee waivers and rebates, or otherwise to offer more favorable terms, are solely at FCIAM's discretion. Except as otherwise agreed, or when required by applicable law, FCIAM is not obligated to inform any other investor of the terms of any side letter or to offer equivalent terms to any other investor.

Asset-based management fees can create conflicts of interest if FCIAM controls or influences the timing and/or the amount of borrowings used by a Client to make investments because increased borrowings by a Client will generally lead to an increase in the outstanding balance of the Client's portfolio and, thus, an increase in management fees payable to FCIAM. Consequently, FCIAM has an incentive to allocate investment opportunities to Clients that employ more leverage; FCIAM seeks to mitigate this conflict pursuant to its allocation policies and procedures (See Items 11 and 12, below).

In addition, FCIAM has the authority to enter into loan and/or lease servicing agreements with or for certain Clients in connection with credit facilities or asset securitizations for such Clients and pursuant to which FCIAM services a pool of loans and/or leases for a separate fee. Further information on this authority is included in each Client's relevant Governing Documents.

FCIAM incurs Client-related expenses that may be reimbursable by Clients, including, for Private Funds, an allocable portion of personnel and related overhead expenses of FCIAM and its affiliates incurred or expended for the benefit of Clients. Further information as to which expenses are reimbursable by a Client is included in each Client's relevant Governing Documents.

FCB and its affiliates originate loans and leases, some of which, or some portion of which, can be acquired by Clients, and some of which, or some portion of which, will be retained on the balance sheet of FCB or by its affiliates. FCB or its affiliates will receive compensation or fees from loan and lease obligors in connection with loans and leases. Such fees can include, but are not limited to, structuring, commitment, origination, syndication, monitoring, agent, and/or other fees.) For certain clients, FCIAM or its affiliates are entitled to receive all or a portion of "Closing Fees" paid in respect of a portfolio loan or lease, as set forth in the applicable Governing Documents. "Closing Fees" includes all agency, arranger, syndication or similar fees paid or payable by, or on behalf of, the related loan or lease obligor in respect of the closing of a portfolio loan or lease. FCB and its affiliates receipt of fees for such services represents a conflict of

interest in that FCIAM would have an incentive to cause or recommend that a Client invest in such loans or leases. (For more information on sourcing and allocation decisions for Clients, see Items 11 and 12, below).

Private Funds managed by FCIAM generally will have their fees deducted by FCIAM from the cash flow generated from their assets. SMA clients will be invoiced for their fees payable under their relevant Governing Documents.

Other Types of Fees or Expenses

Private Funds

Private Funds also bear direct and indirect costs, fees and expenses incurred by or on behalf of such vehicles including, among others, (i) expenses and costs of legal advisers, consultants and other professionals retained by FCIAM, on behalf of the Client, in connection with the services provided by FCIAM under the advisory agreement (including without limitation those expenses and costs relating to advice rendered by such professionals in connection with the disposition, potential disposition, preservation and/or maintenance of any investment), (ii) reasonable travel expenses (airfare, meals, lodging and other transportation) incurred by FCIAM as are reasonably necessary, (iii) all third-party out-of-pocket expenses reasonably incurred in connection with actual and potential investments, including, without limitation, research expenses, and travel costs, (iv) all reasonable fees and disbursements of counsel employed to perform legal due diligence and documentation in connection with the acquisition, or proposed acquisition, maintenance, workout or insolvency of any investment, (v) any and all costs and expenses incurred in connection with the sourcing, underwriting, carrying or management of the investments and (vi) fees or expenses of FCIAM or its affiliates reasonably incurred in connection with the cost of investment related software acquisition, plus maintenance costs of such software.

SMAs

SMAs and FCIAM each bear their own third-party fees and expenses incurred in connection with the preparation and negotiation of their relationships (including, without limitation, any fees and expenses of legal counsel, brokers, placement agents or other third parties engaged in connection therewith

Please reference Items 11 and 12 for more information on FCIAM's brokerage practices.

Personnel Compensation for Sales of Securities

No personnel of FCIAM accepts or otherwise receives, directly or indirectly, any compensation for the sale of assets or other investment products.

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

As discussed in Item 5 (“Fees and Compensation”) of this Brochure, FCIAM can earn performance-based fees, in addition to management fees. Certain performance fee arrangements require FCIAM to meet or exceed periodic or cumulative performance hurdles prior to FCIAM receiving a performance fee. The timing and amount of performance fees are described in the relevant Governing Documents for the applicable Client.

Clients should be aware that, for any actively managed portfolios (such as Private Funds), when FCIAM receives performance-based fees, FCIAM has an incentive to recommend or choose investments that are riskier or more speculative than might otherwise be recommended or chosen. Side-by-side management by FCIAM also raises potential conflicts of interest where some Clients pay performance-based compensation and others do not.

FCIAM or its related persons (including FCB) could also have a financial interest in a Private Fund or sit on the board and investment committee of a Client. FCIAM has an incentive to favor certain accounts over others that could be less lucrative where: (i) the actions taken on behalf of one account impact other similar or different accounts (e.g., because such accounts have the same or similar investment styles or otherwise compete for investment opportunities, have potentially conflicting investments or investment styles, or have differing abilities to engage in short sales and economically similar transactions); (ii) FCIAM and its personnel have differing interests in such accounts (i.e., expose FCIAM or its related persons to differing potential for gain or loss through differential ownership interests or compensation structures – including circumstances where some accounts pay only asset-based fees while others are subject to performance or incentive fees); or (iii) the actions taken on account of one Client benefit a FCIAM affiliate (e.g., a Client’s investment activities directly or indirectly benefit FCB through purchasing loans or leases held by FCB or participating in transactions in which FCB is also participating).

To mitigate these conflicts, FCIAM’s policies and procedures require that investment recommendations and decisions are to be made in accordance with the fiduciary duties owed to its advisory clients and without consideration of FCIAM’s (or its personnel’s or affiliates’) pecuniary, investment or other financial interests (See Items 11 and 12, below, for more information on allocations and investment recommendations).

Item 7 – Types of Clients

Clients will generally consist of (i) Private Funds which are joint ventures between FCB and one or more third-party institutions and (ii) SMAs for third-party institutions. Investors in Private Funds will generally consist of financial institutions, insurance companies, and other institutional investors. As a general matter, investors in Private Funds are (i) accredited investors within the meaning of Regulation D promulgated under the Securities Act and Section 413 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended, and (ii) qualified purchasers within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

In the future, FCIAM expects to provide advisory services for other joint ventures, other pools of capital, and other accounts, including CLOs and other Private Funds and SMAs, relating to the origination, management, and disposition of loans or leases.

Private Funds will be organized as U.S. or non-U.S. companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined to be appropriate by FCIAM and/or joint venture participants. As a general matter, each Private Fund will be managed in accordance with its investment objectives, strategies and guidelines and is not tailored to the individualized needs of any particular investor in the Private Fund. In addition, an investment in a Private Fund does not, in and of itself, create an advisory relationship between the investor and FCIAM, and FCIAM is not obligated to assess whether any investment is suitable for the investor. Investors, therefore, must consider whether the Private Fund meets their investment objectives and risk tolerance prior to investing in a Private Fund. Information about each Private Fund will be provided in its relevant Governing Documents, which will be available to current and prospective investors only through an authorized party. It is anticipated that Private Fund investors will be required to be qualified purchasers or non-U.S. persons.

SMAs will be managed in accordance with the applicable investment advisory agreement and any related agreements or other Governing Documents.

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

Methods of Analysis and Investment Strategy

The following describes FCIAM's methods of analysis and investment strategy in general terms, and would generally apply to FCIAM's investment advisory clients, including current Clients and any CLOs, Private Funds or SMAs that FCIAM can manage in the future. Currently, Clients invest across multiple sectors and generally invest in senior-secured corporate loans or leases.

FCIAM's investment professionals invest across multiple industries, including, but not limited to, the commercial, industrial, aerospace, marine or maritime, communications and technology, energy, media and entertainment, tower and distributed antenna systems, fitness, restaurants and retail, and healthcare industries. FCIAM employs a rigorous investment process to evaluate potential opportunities and investments for its Clients and expects to use a variety of proprietary and non-proprietary research models and methods in its analysis. FCIAM's investment process includes, but is not limited to, the following:

- Participating in bank meetings.
- Analyzing information memorandums and other information on proposed investments, as provided by the agent bank or other sources.
- Gathering additional due diligence information from external public or private sources in reference to the prospective deal and the prospective borrower or lessee.
- Evaluating the credit, borrower or lessee, deal structure, financial performance and other risks and mitigants in a transaction.
- Maintaining ongoing dialogue with the agent bank or prospective borrower, lessee or sponsor in order to answer critical due diligence questions that will determine FCIAM's level of interest in a new transaction.
- Collaborating closely with FCIAM's portfolio manager to determine the level of interest in a deal and appropriate commitment amount, given specific deal metrics and current portfolio concentrations.

Additionally, responsible FCIAM personnel expect to conduct regular update meetings with account managers and credit analysts to discuss current portfolio holdings, forthcoming opportunities and overall market conditions.

Upon completion of the due diligence review and following the allocation process (discussed in Item 11, below), investment opportunities are summarized and provided to FCIAM's investment committee and, in the case of non-discretionary investment opportunities, the Client's investment committee or board of directors for approval.

Risks

Risk of Loss

Loans, leases and other investments made by Clients, and investments made by investors in a Client (including a Private Fund), are speculative and bear the potential risk of the total loss of capital. Private Funds, CLOs, and SMAs advised by FCIAM are suitable investments only for investors with sufficient knowledge and expertise in financial and business matters and capable of evaluating risks with respect to loans and leases. The following risk factors are generally applicable to all Clients. These risk factors are not, and are not intended to be, a complete list of the risks involved in each Client. The Governing Documents applicable to each Client include additional information about material risks that Clients should read in addition to the risk factors below.

Client mandates are generally limited to certain types of investments and are not expected to be diversified. FCIAM does not provide a complete investment program for investors in Private Funds or SMA clients. Investors in Private Funds and SMA clients are responsible for diversifying their investments to guard against the risk of loss.

Investment Strategy Risks.

The investments made by FCIAM on behalf of, or recommended to, its Clients are expected to consist primarily of loans or leases, or interests in loans or leases which are subject to liquidity, market value, credit, interest rate, reinvestment and other risks. In addition, there can be no assurance that FCIAM will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on such investments and purchase or recommend investments that will not default and will generate positive returns for the Clients. It is anticipated that such assets generally will be subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the Client portfolio is concentrated in one or more particular types of investments or industries.

Prices of loans and leases can be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, the level of inflation, general economic conditions, financial market conditions, including the condition of the applicable loan or lease market, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the loans or leases (which may deteriorate over time).

Loans and leases and interests in loans and leases have significant liquidity and market value risks since they are not generally traded in organized exchange markets. Rather, they are traded by banks and other institutional investors. Because loans and leases are privately traded and loan and lease agreements are privately negotiated and customized, loans and leases are not purchased or sold as easily as publicly traded securities. In addition, the trading volume in the loan and lease markets historically has been small relative to the broader bond market (and, at times, the non-investment grade bond market).

A non-investment grade loan or lease or an interest in a non-investment grade loan or lease is generally considered speculative in nature and can become a defaulted obligation for a variety of reasons. Defaults will generally increase in a rising interest rate environment or during deteriorating financial market conditions. A defaulted obligation can become subject to either substantial workout negotiations or restructuring, which can entail, among other things, a substantial reduction in the interest rate, a

substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted obligation. In addition, such negotiations or restructuring can be quite extensive and protracted over time, and therefore can result in substantial uncertainty with respect to the ultimate recovery on such defaulted obligation. The liquidity for defaulted obligations can be limited, and, to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid obligations. In addition, a Client can incur additional expenses to the extent it is required to seek recovery upon a default on a loan or lease or participate in the restructuring of such loan or lease. Moreover, there can be no assurance on the timing of any recoveries.

Unsecured loans are unsecured obligations of the applicable obligor, can be subordinated to other obligations of the obligor and generally have greater credit, insolvency and liquidity risk than investment grade obligations or secured obligations. Unsecured obligations will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of an obligor of an unsecured obligation, the holders of such unsecured obligation will be considered general, unsecured creditors of the obligor, who have fewer rights than secured creditors of the obligor and are subordinate to the secured creditors with respect to the related collateral.

In certain circumstances, a Client's portfolio can include loans that are not first lien secured loans, including second lien loans. Such loans are subordinate in right of payment with respect to liquidation to one or more senior secured loans of the related borrower, and, therefore, are subject to additional risks that the cash flows of the related borrower and the property securing a second lien loan can be insufficient to make the scheduled payments after giving effect to any senior secured loans of the related obligor. The subordination of second lien loans is also expected to cause second lien loans to be more illiquid than senior secured loans.

Valuation Risk. FCIAM could, from time to time, be called upon to assist Clients in valuation of portfolio assets. FCIAM conducts valuations in accordance with its valuation procedures. Valuations of illiquid middle market loans or leases are inherently uncertain, will fluctuate and in some cases be based on estimates, and will require judgement. Determinations of fair value could differ materially from the values that would have been used if an active market for loans or leases existed, and if determinations regarding fair value by FCIAM are materially higher than values ultimately realized for such loans or leases, Client returns can be adversely affected.

GAAP and FASB Accounting Standards Codification 820 define "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Where FCIAM believes a reliable market price is available for a loan or lease, FCIAM will value such loan or lease at the current market price. Loans or leases for which FCIAM believes market prices are unavailable or unreliable will be fair valued by FCIAM in good faith and in accordance with its policies and procedures. Generally, FCIAM will determine fair value for loans and leases by taking into consideration current pricing data, based on a valuation model, and/or based on such other information and considerations that FCIAM deems material to such determinations.

Limited Control of Administration and Amendment of Loans and Leases. As a holder of an interest in a syndicated loan or lease, a Client may have limited consent and control rights, and such rights might not be effective in view of the expected proportion of such obligations held by the Client. FCIAM is expected to exercise or enforce, or refrain from exercising or enforcing, any or all of the Clients' rights in connection with loans or leases or any related documents.

In some cases, due to the size of a Client's position in the applicable loan or lease, FCIAM will have limited influence over any amendment, waiver or modification of the loan or lease. FCIAM can, in accordance with its asset management practices and subject to the applicable terms of the Governing Documents applicable to a Client, accept a solicitation by the issuer or obligor of a loan or lease to extend or defer the maturity or term, or to adjust the outstanding balance or rent payment amounts, of such loan or lease, or otherwise amend, modify or waive the terms of any related loan or lease agreement, including the payment terms thereunder.

Participation on Creditors' Committees. A Client can (through FCIAM) participate on committees formed by creditors to negotiate the management of financially troubled companies that might or might not be in bankruptcy, or a Client can seek to negotiate directly with the debtors with respect to restructuring issues. If Clients do join a creditors' committee, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests, and there can be no assurance of obtaining results most favorable to the Clients in such proceedings. By participating on such committees, the Clients can be deemed to have duties to other creditors represented by the committees, which might thereby expose the Clients to liability to such other creditors who disagree with the Clients' actions. Furthermore, by participating on such committees, a Client can be contractually obligated to hold the related position even if FCIAM believes it would be in the best interests of the Client to sell.

Clients can also be provided with material non-public information that can restrict the Clients' ability to trade in a company's securities. FCIAM will use all efforts to comply with all applicable securities laws. However, such efforts will involve good faith judgments concerning restrictions on trading, and there is a risk that regulators can disagree with such judgments. Clients can trade in a company's securities while engaged in the company's restructuring activities. Such trading creates a risk of litigation and liability that can cause Clients to incur significant legal fees and potential losses.

Limited Diversification. Although no specific concentration with respect to any particular obligor, industry or country (other than the United States) is expected to exist, the concentration of a portfolio in any one obligor would subject the relevant Client to a greater degree of risk with respect to defaults by such obligor, and the concentration of a portfolio in any one industry or country would subject the relevant Client to a greater degree of risk with respect to economic downturns relating to such industry or country. Some Clients impose portfolio tests to limit concentrations in terms of both obligor and industry concentration. Although the resulting diversification could reduce the risk described above, the diversification requirements applicable to a Client could cause such Client to invest in obligors or industries that suffer more defaults than if the Client was not required to invest in a diversified manner. Moreover, certain strategies that FCIAM employs for Clients involve investments in only a limited number or types of assets, making such strategies more exposed both to broad macro events, as well as adverse changes to the industries or obligors in which Clients hold interests.

Cov-Lite Loans. A portion of the investments (which portion can be significant) of Clients could be comprised of "Cov-Lite Loans" which contain limited, if any, financial covenants. Generally, Cov-Lite Loans either do not require the borrower to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the borrower to change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. Ownership of Cov-Lite Loans expose Clients to different risks, including with respect to liquidity, price volatility and ability to restructure loans, then is typically the case with loans that have such requirements and restrictions. The definition of Cov-Lite Loan could (depending on the relevant Governing Documents for a particular Client) not include

a loan that, although it has no maintenance or incurrence covenant, contains either a cross-default provision to, or is pari passu with, another loan of the underlying obligor forming part of the same loan facility that requires the underlying obligor to comply with one or more financial covenants or maintenance covenants (each, an “excluded loan”). If the application of such covenants is subject to certain conditions (for example, in the case of a revolver, the condition that such revolver has been drawn), and those conditions have not been satisfied, such covenants will afford no protection to the Clients. As a result of the ownership of such excluded loans and Cov-Lite Loans, Clients’ exposure to losses could be increased, which could result in an adverse impact on a Client’s investment return and its ability to make payments to investors. In addition, in certain economic environments, the market prices of Cov-Lite Loans can be depressed or more volatile.

International Investing. To the extent permitted under the applicable indenture or Governing Documents, a portion of the assets held by Clients can consist of obligations of non-U.S. obligors. Investing outside the United States can involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, non-U.S. obligors might not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. If the sovereign rating of a country in which an obligor is located is downgraded, the ratings applicable to such obligation can be downgraded as well.

Generally, there is less governmental supervision and regulation of exchanges, brokers and issuers in non-U.S. countries than there is in the United States. For example, there might be no comparable provisions under certain non-U.S. laws to insider trading and similar investor protection securities laws that apply with respect to securities transactions consummated in the United States.

In some non-U.S. countries, there is the possibility of expropriation, nationalization or confiscatory taxation, limitations on the convertibility of currency or the removal of securities, property or other assets of the Clients, political, economic or social instability or adverse diplomatic developments (including the imposition of sanctions and other retaliatory measures), each of which could have an adverse effect on the Clients’ investments in, or which are related to or could be affected by, such foreign countries (which could make it more difficult to pay U.S. Dollar-denominated obligations). The economies of individual non-U.S. countries also can differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources self-sufficiency and balance of payments position.

Illiquidity of Investments. Some of the investments held by Clients will have no, or only a limited, trading market. The Clients’ investment in illiquid investments could restrict their ability to dispose of investments in a timely fashion and for a fair price as well as their ability to take advantage of market opportunities.

Illiquid investments can trade at a discount to comparable, more liquid investments. In addition, Clients can invest in privately placed investments that might not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. Even if such privately placed obligations are transferable, the prices realized from their sale could be less than those originally paid by a Client or less than what might be considered the fair value of such debt obligations.

In addition, adverse developments in the primary market for leveraged loans could reduce opportunities for the Clients to purchase new issuances of potential investments. More particularly, the ability of private

equity sponsors and leveraged loan arrangers to effectuate new leveraged buy-outs and the ability of Clients to purchase such assets might be partially or significantly limited. The impact of a liquidity crisis on the global credit markets could adversely affect the management or advisory flexibility of FCIAM in relation to a Client's portfolio.

Prepayment of Loans. Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued unpaid interest thereon. Obligor could choose to prepay loans for a variety of factors which are often difficult to predict. Loans purchased at a price greater than par could experience a capital loss as a result of such a prepayment. In addition, principal proceeds received upon such a prepayment are subject to reinvestment risk, as there is no assurance that a Client will be able to reinvest proceeds in assets with comparable interest rates that satisfy its investment criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

Loan Repricing. Loans can experience volatility in the spread that is paid on them. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the applicable loan market, general economic conditions, levels of relative liquidity for loans, the actual and perceived level of credit risk in the applicable loan market, regulatory changes, changes in credit ratings and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that can affect pricing in the applicable loan market. Loan obligors could choose to prepay or refinance if alternative financing is available at a lower cost. For example, if the credit ratings of an obligor were upgraded, the obligor was recapitalized or credit spreads were declining for loans in the applicable market, such obligor could seek to refinance at a lower credit spread. Declining credit spreads in the loan market and increasing rates of prepayments and refinancings will likely result in a reduction of portfolio yield and interest collections on investment positions, which would have an adverse effect on the amount available for distribution to investors.

Lease Terminations. Leases are typically non-cancellable, however, certain leases can be terminated prematurely pursuant to a pre-negotiated early buy-out option with respect to the applicable equipment.

Assignments and Participation Interests. Clients can acquire interests in loans or leases either directly (by way of assignment from the selling institution) or indirectly (by purchasing a participation interest from the selling institution), although the purchase and sale of participation interests is less common for leases. As described in more detail below, holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan or lease.

Participations by Clients in a selling institution's portion of a loan or lease typically result in a contractual relationship only with such selling institution, not with the borrower or lessee. In the case of a participation interest, Clients will generally have the right to receive payments of principal, interest, rent (in the case of a lease) and any fees to which it is entitled only from the institution selling the participation interest and only upon receipt by such selling institution of such payments from the borrower or lessee. By holding a participation interest in a loan or lease, the Client generally will have no right to enforce compliance by the borrower or lessee with the terms of the loan or lease agreement, nor any rights of set-off against the borrower or lessee, and the Client might not directly benefit from the collateral supporting the loan or the equipment under the lease in which it has purchased the participation interest. As a result, the Client will assume the credit risk of both the borrower or lessee and the institution selling the participation interest, which will remain the legal owner of record of the applicable loan or lease. FCIAM does not expect to perform independent credit analyses of the selling institutions. In the event of

the insolvency of the selling institution, the Client, by owning a participation interest, could be treated as a general unsecured creditor of the selling institution and might not benefit from any set off between the selling institution and the borrower or lessee. In addition, the Client could purchase a participation interest from a selling institution that does not itself retain any beneficial interest in any portion of the applicable loan or lease and, therefore, could have limited interest in monitoring the terms of the loan or lease agreement and the continuing creditworthiness of the borrower or lessee. When the Client holds a participation interest in a loan or lease, it will not have the right to vote under the applicable loan or lease agreement with respect to every matter that arises thereunder, and it is expected that each selling institution will reserve the right to administer the loan or lease sold by it as it sees fit, and subject to the terms of the participation agreement, to amend the documentation evidencing such loan or lease in all respects. Selling institutions voting in connection with such matters might have interests different from those of the Client and could fail to consider the interests of the Client in connection with their votes.

The purchaser of an assignment of an interest in a loan or lease typically succeeds to all the rights and obligations of the assigning selling institution and becomes a lender or lessor under the loan or lease agreement with respect to that loan or lease. As a purchaser of an assignment, a Client generally will have the same voting rights as other lenders or lessors under the applicable loan or lease agreement, including the right to vote to waive enforcement of breaches of covenants or to enforce compliance by the borrower or lessee with the terms of the loan or lease agreement, and the right to set off claims against the borrower or lessee and to have recourse to collateral supporting the loan or equipment being leased.

Assignments and participation interests are sold without recourse to the selling institutions, and the selling institutions will generally make minimal or no representations or warranties about the underlying loan or lease, the borrowers or lessees, the documentation of the loans or leases or any collateral securing the loans or equipment being leased. In addition, the Client will be bound by provisions of the underlying loan or lease agreements, if any, that require the preservation of the confidentiality of information provided by the borrower or lessee.

Certain of the loans, leases or participation interests can be governed by the law of a jurisdiction other than a United States jurisdiction. A Client will be subject to the risks associated with purchasing a participation interest under an agreement governed by the laws of a jurisdiction other than a United States jurisdiction, including characterization under such laws of such participation interest or sub-participation in the event of the insolvency of the institution from which a Client purchases such participation or sub-participation interest or the insolvency of the institution from which the grantor of the sub-participation interest purchased its participation interest.

Insolvency Considerations Under U.S. Federal Bankruptcy Law. Various laws enacted for the protection of debtors or creditors can apply to loans or leases held by Clients including U.S. federal bankruptcy law. If a court were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the obligation and, after giving effect to such indebtedness, the obligor (i) was insolvent, (ii) was engaged in a business for which its remaining assets constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured, the court could invalidate, in whole or in part, the indebtedness as a fraudulent conveyance, subordinate the indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the obligor in satisfaction of the indebtedness. There can be no assurance as to what standard a court would apply in order to determine whether the obligor was “insolvent.” In addition, in the event of the insolvency of an obligor of a loan or lease, payments made on

the loan or lease could be subject to avoidance as a “preference” if made within a certain period of time (which might be as long as one year and one day) before insolvency.

In addition, there is the possibility that a bankruptcy court can in the exercise of its equitable or other powers determine not to enforce a loan or lease document on the ground that it violates an essential policy underlying the U.S. federal bankruptcy law or other applicable bankruptcy or insolvency law or on other grounds it can determine in the exercise of its powers.

Lender Liability Considerations and Equitable Subordination. A number of judicial decisions in the United States and some non-U.S. jurisdictions have upheld the right of borrowers to sue lending institutions and others on the basis of various evolving legal theories. Generally, lender liability is founded upon the premise that a lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower that creates a fiduciary duty owed to the borrower or its other creditors or shareholders.

In some cases, courts have subordinated the claim of a lender against a borrower to claims of other creditors of the borrower when the lending institution is found to have engaged in unfair, inequitable or fraudulent conduct. Because of the nature of certain loans expected to be held by Clients, a Client could be subject to claims from creditors of a loan obligor that the Client’s claim under the loan should be equitably subordinated.

Vicarious Liability. Subject to applicable law, owners of equipment under lease can be held legally responsible for losses and damages caused by the malfunction of such equipment or, in certain cases, the lessee’s use of it. For example, under the doctrine of vicarious liability and subject to other applicable law, an owner of equipment can be held legally responsible for losses and damages incurred by third parties in connection with a lessee’s use of such equipment.

The preceding discussion is based upon principles of U.S. federal and state laws. Insofar as obligations of non-U.S. obligors are concerned, the laws of certain foreign jurisdictions can impose liability upon lenders under factual circumstances similar to those described above, with consequences that might or might not be analogous to those described above under U.S. federal and state laws.

Should a Client be unable to otherwise collect on a defaulted loan or lease, litigation could result. There is a high cost associated with any litigation and the results of litigation are always uncertain. Even before litigation is commenced, the Client could experience substantial costs in trying to collect on defaulted investments, such as legal fees, collection agency fees, or discounts related to the assignment of a defaulted loan or lease to a third party.

Insolvency Considerations with Respect to Obligations of Non-U.S. Obligors. Obligations of non-U.S. obligors held by Clients can be subject to various laws enacted in their home countries for the protection of debtors or creditors, which could adversely affect a Client’s ability to recover amounts owed. These insolvency considerations will differ depending on the country in which each obligor is located and can differ depending on whether the obligor is a non-sovereign or a sovereign entity. These obligations can also be subject to greater risks than the obligations of U.S. obligors, such as: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and

application of laws. A number of European jurisdictions operate “debtor-friendly” insolvency regimes that would result in delays in payments from obligors subject to such regimes. The different insolvency regimes applicable in European jurisdictions result in a corresponding variability of recovery rates for obligations with obligors in such jurisdictions. No reliable historical data is available.

Uncertainty Risks. In general, Clients and investors should be aware that political, social and economic uncertainty creates and exacerbates risks and could impact our investment strategies, processes and methods of analysis. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, social unrest, armed conflicts, bank runs and the responses thereto) will occur that create uncertainty and have significant impacts on obligors, industries, governments and other systems, including the financial markets, to which Clients and their investments are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact obligors in other countries, regions or markets, including in established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with, among other things: increased volatility in the financial markets for securities, derivatives, loans, leases, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets (including the assets in which Clients invest); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers) or failure (by banks and other lending institutions); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the loan, lease, securities, derivatives and currency markets and market participants and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact us, our Clients and their investments, it is clear that these types of events are impacting and will, for at least some time, continue to impact Clients and borrowers or lessees and in many instances the impact will be adverse and profound. For example, companies in which Clients invest are being significantly impacted by these emerging events and the uncertainty caused by these events. With respect to loans or leases to such companies, Clients will be impacted if, among other things, (i) amendments and waivers are granted (or are required to be granted) to borrowers or lessees permitting deferral of loan or lease payments; (ii) borrowers or lessees default on their loans or leases, are unable to refinance their loans at maturity, or go out of business permanently; and/or (iii) the value of loans or leases held by the Client decreases as a result of such events and the uncertainty they cause. There can be no assurance that such emerging events will not cause a Client to suffer a loss of any or all of its

investments or interest thereon. A Client would also be negatively affected if our operations and effectiveness or those of our affiliates or an issuer, obligor, borrower or lessee (or any of the key personnel or service providers of the foregoing) is compromised or if necessary or beneficial systems and processes are disrupted.

FCIAM cannot predict the effects of these or similar events (including the ongoing conflict in Europe and the significant sanctions imposed by the United States and countries in Europe and elsewhere and the counter sanctions imposed by Russia) in the future on the U.S. and global economies or securities markets or on a Client's investments. We monitor developments and seek to manage investments in a manner consistent with achieving Client investment objectives, but there can be no assurance that we will be successful in doing so. As a result, each of the risks discussed in Item 8 of this Brochure is subject to, and should be considered in light of, the foregoing risks and uncertainties.

Potential Material and Adverse Effects of Market Conditions on Debt and Equity Capital Markets. The U.S. capital markets have experienced extreme volatility and disruption in the past in response to events such as war, military conflict, acts of terrorism, social unrest, natural disasters, recessions, inflation, supply chain disruptions and the spread of infectious illness or other public health threats. These and other emerging and unpredictable events may occur in the future and, if they do occur, have the potential to cause disruptions in the capital markets and create new or deepening economic downturns, on a regional or global basis. For example, the U.S. capital markets experienced extreme volatility and disruption following the global outbreak of the COVID-19 pandemic.

Disruptions in the capital markets have increased the spread between the yields of certain securities and have caused illiquidity in parts of the capital markets. These and future market disruptions and/or illiquidity have had, and can be expected to have, an adverse effect on our Clients' business. Unfavorable economic conditions also would be expected to increase Clients' funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to the Client. These events could continue to limit Client investments, limit our Clients' ability to grow and otherwise have a material negative impact on our Clients. They also can have similar or even more severe impacts on the companies in which our Clients invest. In some cases, the impacts of events such as geopolitical conflicts, sanctions, pandemics and economic disruptions can be felt even where the Client or a company in which the Client invests is not significantly exposed to the impacted region or industry.

The Senior Loan Market. Senior secured loans are of a type often incurred by the borrowers thereunder in connection with a highly leveraged transaction, often to finance internal growth, acquisitions, mergers or stock purchases, or for other reasons. As a result of the additional debt incurred by the borrower in the course of such a transaction, the borrower's creditworthiness is often judged by the rating agencies to be below investment grade. Such loans could be private corporate loans that are negotiated by one or more commercial banks and syndicated among a group of commercial banks and institutional investors. In order to induce the banks and institutional investors to invest in a borrower's loan facility, and to offer a favorable interest rate, the borrower often provides the banks and institutional investors with extensive information about its business which is not generally available to the public.

Senior loans are typically at the most senior level of the capital structure and are often secured by specific collateral, including, but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the obligor and its subsidiaries. Such loans can provide for restrictive covenants designed to limit the activities of the borrower in an effort to

protect the right of lenders to receive timely payments of interest on and repayment of principal of the loans. Such covenants can include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. Senior loans usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities. Because of the provision of confidential information, the unique and customized nature of a loan agreement, and the private syndication of the loan, senior loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the non-investment grade bond market.

The majority of senior loans bear interest based on a floating rate index (such as SOFR, the certificate of deposit rate, a prime or base rate (each as defined in the applicable loan agreement) or other index, which can reset daily (as most prime or base rate indices do) or offer the borrower a choice of one, three or six month or other interest periods.

Purchasers of senior loans are predominantly collateralized loan obligations, investment and commercial banks, insurance companies and other financial institutions that have applied their experience in high-yield securities trade groups to the commercial loan market, acting as both principal and broker. The range of investors for such loans has broadened, with money managers, insurance companies and mutual funds seeking increased potential total returns. As secondary market trading volumes increase, new loans are frequently adopting more standardized documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity that currently exists in the market and liquidity can decrease rapidly for several different reasons.

The nature of the direct relationship that can exist between the borrower or lessor under a loan or lease and the lender or lessor when such loan or lease is assigned gives rise to the risks of lender liability, vicarious liability, fraudulent conveyance and avoidable preference. The unique nature of the loan or lease documentation also creates a degree of complexity in negotiating a secondary market purchase or sale which does not exist, for example in the non-investment grade bond market.

Securitization Vehicles. Clients can also invest in leveraged subsidiaries that are bankruptcy-remote vehicles that hold pools of loans and/or leases. Generally, Clients invest in the subordinated notes, preferred equity or equivalent tranche or such securitization vehicle that owns middle market or other loans and/or leases. Clients invested in securitization vehicles rely on payments made from the underlying asset pools of the vehicles, and Clients invested in such vehicles have a direct claim on the underlying assets. If proceeds of the underlying asset pools are not large enough to provide payments on the securities in which Clients invest, Clients could lose money. In an event of default, the trustee could liquidate the vehicle but if the trustee does not, payment on securitization vehicles other than the most senior securities is likely to be deferred and the vehicle likely will be unable to exercise additional remedies under the vehicles documentation without the direction or consent of the most senior class of securities. The value of the underlying collateral in the asset pools could decrease in value. Securitization equity or subordinated notes could have a limited market or no market, and we could be unable to sell such securities or be unable to do so at favorable prices.

Securitization vehicles generally have leverage embedded in their structures, which can affect the risk and return profile of various tranches of these structures. While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well. Clients could have concentrated

exposure to a small number of financing providers, such as securitization market investors and commercial lenders, which could result in such Clients being dependent on the continued availability of financing from a concentrated number of providers, possibly resulting in more expensive financing or on terms that are less desirable.

Borrowing; Use of Leverage. FCIAM expects Clients to borrow money or otherwise incur leverage in connection with the acquisitions or financing of their loan and lease portfolios. While leverage has the potential to increase Client profits, it can also result in an increased risk of loss and increased volatility to the Client due to, among other things, fluctuations in interest rates, downturns in the loan market or the economy, the potential inability to refinance borrowings when they mature, or the inability to achieve investment results sufficient to repay such borrowings from the loan and/or lease portfolio. An event that adversely affects Client portfolios could be greater if such Client uses leverage. Interest payments or similar costs associated with leverage could be a direct or indirect cost to Clients and these payments and similar costs generally increase in a rising interest rate environment. Interest rates or similar costs associated with leverage can be based on indices that are different from interest rate indices applicable to Client assets that support such leverage. Lenders or other counterparties to a credit facility, or an agent thereof, will be able to exercise remedies with respect to borrowings in the case of default, and such remedies can include, but are not limited to, liquidation of or taking title to collateral for such facility, and which can result in loss to the Client. Lenders or other counterparties to a credit facility could also default on their obligations, which could impact the ability of Clients to borrow money or otherwise incur leverage when it is advantageous to do so.

Concentration. Concentration of a Client's portfolio to a limited number or type of (i) loan or lease obligors, (ii) industries or geographic regions, or (iii) type of collateral or leased equipment, could impair the Client's portfolio if the underlying obligors, industries, regions, collateral or equipment were to experience economic difficulties or fall out of favor in the loan or lease market. Concentration can result in greater volatility, or result in Clients or investors not realizing their rate of return, or suffer full or partial loss.

Manager Risk. Client performance will depend, in large part, on the skill and expertise of FCIAM and its affiliates, their investment professionals and the professionals responsible for originating loans and leases. Shared personnel are supervised by FCIAM and subject to FCIAM's compliance policies and procedures, including the code of ethics, and applicable provisions of the Advisers Act. There can be no assurance that investment professionals will remain with FCIAM or its affiliates, or in their current positions. These personnel or positions can be changed without notice. Investment professionals associated with FCIAM will devote such time as they determine in their discretion is reasonably necessary to fulfill FCIAM's obligations to Clients, although they may split their time among multiple Clients or responsibilities, and such responsibilities can include proprietary accounts or accounts that are otherwise managed for affiliates of FCIAM.

Cybersecurity and Technology Risk. FCIAM and its affiliates rely on information technology processes, procedures, equipment, and infrastructure, and those of its service providers. Information technology changes rapidly and FCIAM can be exposed to the risk that information technology it relies upon will be or become out of date or subject to technological vulnerabilities. FCIAM, its affiliates, and service providers can find themselves targets of cybersecurity attacks (including by state-sponsored actors); while FCIAM and its affiliates take steps to mitigate or prevent such risks, no system is guaranteed to be protected from all cybersecurity vulnerabilities, and a cyberattack can adversely impact FCIAM and its Clients.

Trade Policy. There has been ongoing discussion and commentary regarding potential significant changes to United States trade policies, treaties and tariffs. The prior administration, along with Congress, has created significant uncertainty about the future relationship between the United States and other countries with respect to such trade policies, treaties and tariffs. The new administration's approach to trade policy is currently uncertain and still evolving, but any changes it makes will not necessarily result in more favorable trade policies, treaties, or tariffs. These developments, or the perception that any of them could occur, could have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global trade (and, in particular, trade between the impacted nations and the United States). Any of these factors could depress economic activity and restrict a Client's portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact the Client. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the performance of loans and leases and loan and lease portfolios.

Conflicting Member Interests. Different investors in a Client can have conflicting investment, tax and other interests with respect to their investment in the Client, including conflicts relating to the structuring of investment acquisitions and dispositions. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments, the structuring of the transactions (including with respect to tax matters) and the timing of disposition of the transactions. As a consequence, conflicts of interest can arise in connection with decisions made by FCIAM relating to the nature or structuring of the transactions that may be more beneficial for one investor than for another, especially with respect to investors' individual tax situations.

Legal, Regulatory, and Political Risk. Clients can be adversely affected by laws, rules or regulations or changes thereto. For example, certain lending or leasing activities are (or could become) regulated in certain jurisdictions, which could subject a Client (and, in limited circumstances, its underlying investors) to regulatory and reporting requirements or require a Client to secure regulatory approvals or licenses, or to disclose information about itself or its equity holders. Obtaining regulatory approval and/or licenses is often a lengthy and expensive process with an uncertain outcome. More generally, regulation in general, as well as regulation more specifically addressed to the asset management industry, including tax laws and regulation, could materially increase the cost of acquiring, holding or divesting of assets for Clients, and reduce the profitability of enterprises and the cost of operating investment fund structures.

On August 23, 2023, the SEC adopted new rules and amendments to existing rules under the Advisers Act applicable to registered advisers and their activities with respect to certain private funds (collectively, the "New Private Fund Rule"). In particular, among other provisions, the New Private Fund Rule: (i) increases reporting requirements by private funds to investors concerning performance, fees and expenses; (ii) requires registered advisers to private funds to obtain an annual audit for private fund clients; (iii) enhances requirements in connection with adviser-led secondary transactions with respect to private fund clients (also known as GP-led secondaries), including an obligation to obtain a fairness or valuation opinion and make certain disclosures; (iv) prohibits private fund advisers from engaging in certain practices with respect to their private fund clients including, without limitation, charging private fund clients for fees and expenses associated with an investigation of the private fund adviser by governmental or regulatory authorities without the prior written consent from a majority in interest of third-party investors; and (v) imposes limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with the private fund adviser. The New

Private Fund Rule could have a significant impact on FCIAM and its Clients, including, without limitation, requiring changes to the business practices and operations, materially increasing the compliance-related expenses, enhancing the risk of regulatory action, including public regulatory sanctions, and otherwise requiring the attention of FCIAM's professionals.

Legal, regulatory and tax changes have occurred that can adversely affect Clients and such changes can occur in the future. It is impossible to predict whether any new legislation or regulations governing certain industries or U.S. taxes will be enacted or adopted, nor can FCIAM predict the potential impact of such changes on Client's investments or portfolios.

General Risks of Investing and of Investments in Private Funds. A number of general factors may cause a Private Fund's actual results to differ materially from the expectations of an investor. Such factors include but are not limited to:

- Global macroeconomic conditions, including inflation, currency volatility, slower growth or recession, delays or disruptions in the global supply chain, higher interest rates, and wars and other conflicts, including, but not limited to, the current conflicts in Russia, Ukraine, Israel, and the Middle East, may adversely affect a Client;
- Failure of a Client's counterparties, vendors, and logistics partners to perform their contractual obligations to the Client may have an adverse impact on revenue and profits;
- Failure of the obligors in respect of lending or leasing transactions to perform their contractual obligations to the Client may have an adverse impact on the Client;
- The level of indebtedness of a Private Fund could adversely affect its financial condition and reduce its financial flexibility, as well as adversely impact its revenue and profits;
- A Client may suffer adverse impacts to its liquidity and results of operations if unable to borrow funds at attractive rates and access capital markets in connection with the strategies employed by FCIAM;
- The future revenues, costs, and results of operations of a Client could be significantly affected by changes in interest rates, or if its hedging arrangements fail to effectively reduce its exposure to related risks;
- Changes in foreign and domestic tax laws and other regulations, including trade protection measures such as tariffs and import/export restrictions and licensing requirements, could materially adversely affect lending or leasing transactions and returns achieved by Clients in respect of such transactions;
- Breaches of the security systems of FCIAM or its affiliates due to cyber and malware attacks could expose such entities to liability, litigation, regulatory action, and damage their respective reputations, which could indirectly adversely impact Clients;
- Adverse effects of disasters, including, but not limited to, hurricanes, earthquakes, pandemics and epidemics such as Covid-19 or RSV, fires and floods, war and terrorism, and on the performance of contracts is unclear, but there may be a significant adverse effect on general economic

conditions, consumer confidence and general market liquidity, with material adverse effects on lending and/or leasing transactions; and

- Failure to comply with U.S. and foreign laws relating to data privacy and personal information related to Client transactions could subject a Client to legal actions, and Clients' ability to comply with these requirements will generally depend upon FCIAM's ability to comply with such requirements.

Item 9 – Disciplinary Information

Neither FCIAM nor any of its management persons have any legal, financial or other “disciplinary” items to report. We are obligated to disclose any disciplinary event that would be material when evaluating a client/adviser relationship.

Item 10 – Other Financial Industry Activities and Affiliations

FCIAM is not registered, and does not have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor. However, two of FCIAM's officers are registered representatives of First Citizens Capital Securities, LLC ("FCCS").

Except as disclosed below, neither FCIAM nor any of its management persons have any relationship or arrangement that is material to its advisory business with a related person that is:

- A broker-dealer, investment adviser, municipal securities dealer, or government securities dealer or broker.
- However, FCIAM is affiliated with FCCS, a FINRA member broker-dealer that acts as a broker or dealer providing investment advisory services for mergers and acquisitions, to engage in the private placement of securities and to serve as an underwriter or selling group participant in offerings of public debt or equity offerings on a best efforts or firm commitment basis. FCCS is responsible for structuring, pricing and distributing various financial products originated by FCB. FCCS does not execute trades on behalf of FCIAM.
- FCIAM is also affiliated with First Citizens Investor Services, Inc. ("FCIS"), a FINRA member broker-dealer and registered investment adviser that provides investment advisory services. FCIS does not execute trades on behalf of FCIAM.
- FCIAM is also affiliated with First Citizens Asset Management, Inc. ("FCAM"), a wholly owned subsidiary of First-Citizens Bank & Trust Company ("FCB") and registered investment adviser. FCAM provides sub-advisory services, and direct investment advisory services to individuals, corporations and other business entities. FCAM does not provide any sub-advisory or investment advisory services to FCIAM.
- FCIAM is also affiliated with SVB Asset Management ("SAM"), a wholly owned subsidiary of First-Citizens Bank & Trust Company ("FCB") and registered investment adviser. SAM provides sub-advisory services, and direct investment advisory services to corporations and other business entities. SAM does not provide any sub-advisory or investment advisory services to FCIAM.
- A banking or thrift institution.
 - However, since January 4, 2022, FCIAM is an indirect, wholly-owned subsidiary of, and therefore affiliated with FCB, a North Carolina chartered commercial bank that is regulated by the North Carolina Banking Commission. FCB has a Board of Directors that guides its activities. FCB raises deposits to fund its lending and leasing activities and is insured by the Federal Deposit Insurance Corporation (FDIC). FCIAM is affiliated with FCB and its affiliates and has numerous relationships with FCB that can be material to FCIAM's advisory business (as described elsewhere in this Brochure, including Item 4, above, and Item 11, below). Certain FCB "dual hatted" personnel can also have roles with

FCIAM. FCIAM expects to rely on FCB and its affiliates for information technology resources, including investment-related resources, such as models and programs used to evaluate investment opportunities and manage risk. FCIAM could, from time to time, cause its Clients to (i) purchase loans or leases from FCB or (ii) participate in transactions where FCB is also involved. FCB employees are eligible to receive cash payments for referrals of qualifying loans or leases to FCIAM's Client. In the future, FCB may also act as loan or lease agent (as described in Item 15, below) with respect to certain loans or leases held by FCIAM's Clients and, in that role, will receive compensation for its services.

Clients

As discussed above, FCIAM provides investment advisory services to a Private Fund that is a joint venture between FCB and a third-party institution. FCB personnel serve on the Client's board and investment committee, along with representatives from the third party. This Client's portfolio of loans is sourced by FCB and FCIAM and can, from time to time, include loans sold by FCB to the Client in arm's-length transactions that will be fair valued by the Client's board and/or a third-party vendor.

Conflicts of Interest

FCIAM could, from time to time, source a portion of the loan or lease investments it effects for, or recommends to, its Clients from FCB (and with respect to certain strategies employed by FCIAM, *all* investments will be sourced through FCB). Such transactions are subject to conflicts of interest, in that FCIAM will have an incentive to source loans and/or leases from its affiliate in a manner that can benefit FCB to the detriment of FCIAM's Clients. However, as a matter of FCIAM policy, such transactions will be conducted only when, in FCIAM's view, the transaction is in the best interest of the pertinent Client(s), will be done on an arms'-length basis and will comply with applicable law. In addition, with respect to certain Client mandates and strategies, FCIAM and FCB utilize an investment allocation procedure intended to fairly and equitably allocate investments as between FCB and Client accounts, as disclosed to participating Clients.

FCIAM and its officers will devote such time as shall be necessary to conduct the business affairs of FCIAM's advisory clients in an appropriate manner. However, FCIAM personnel can also serve as personnel of other FCB affiliates, and, therefore, certain conflicts can arise in terms of the allocation of their time and attention and the allocation of potential opportunities. FCIAM's Clients will not necessarily benefit from potential opportunities that FCIAM personnel learn of in their roles on behalf of other FCB affiliates.

Additionally, as a result of the roles played by certain FCIAM personnel in the businesses of the other FCB affiliates, FCIAM might not be able, or could determine not, to effect or recommend a transaction to a Client that it might otherwise effect or recommend. Specifically, in connection with their activities on behalf of other FCB affiliates, these FCIAM personnel can receive material non-public information or other sensitive or proprietary information. In many cases, these persons will be prohibited from disclosing or using such information for their own benefit or the benefit of any other person, including FCIAM's Clients. FCIAM has established policies and procedures designed to prevent the misuse of material non-public information. Nevertheless, the receipt of sensitive information by FCIAM personnel as a result of their separate business activities with other FCB affiliates could limit the ability of FCIAM's Clients to transact in certain investments, possibly to the detriment of FCIAM's Clients.

From time to time, FCB or its affiliates and FCIAM's Clients can become involved in the same transaction, participating in different risk aspects of particular investment opportunities. FCIAM's Clients' participation in such transactions can benefit FCB or its affiliates by taking a riskier portion of a loan or lease transaction, thus reducing the overall risk for FCB or its affiliates. FCIAM personnel could face conflicts of interest between their duties to both FCIAM's Clients and FCB and its affiliates when evaluating and negotiating such transactions.

FCB could purchase or sell loans or leases made to an obligor at, or about, the same time a purchase or sale of loans or leases made to the same obligor is made for a Client account. This conflict of interest is further described under Item 12.

It is also possible that, in some instances, FCIAM's Clients and FCB and its affiliates will compete for investment opportunities. Please see Item 12 for a discussion of FCIAM's trade allocation and aggregation conflicts.

FCIAM does not recommend or select other investment advisers for its Clients, or have other business relationships with other advisers, for which it receives compensation directly or indirectly from those advisers.

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

FCIAM has in place a Code of Ethics and Insider Trading policies and procedures (the “Code”), which addresses the use of material non-public information, personal trading, conflicts of interest and confidentiality. The Code also establishes policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

The Code is designed to ensure that FCIAM personnel:

- Observe applicable legal and ethical standards (including compliance with applicable state and federal securities laws) in the performance of their duties;
- At all times place the interests of FCIAM’s clients first as they relate to investment opportunities and investment trading;
- Disclose to all clients actual or potential conflicts;
- Adhere to the highest standards of loyalty, candor and care in all matters relating to FCIAM clients;
- Conduct all personal trading consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and
- Not use any material non-public information in securities trading.

Under the Code, FCIAM personnel must act with integrity and honesty at all times and must apply the following principles:

- Not use their position to gain an unfair advantage for themselves or another person or cause detriment to FCIAM’s clients;
- Act in the best interests of FCIAM’s clients and, where there is a conflict of interest, give priority to the interests of FCIAM’s clients;
- Not trade in any financial products or procure another person to trade in financial products while in possession of material non-public information;
- Not communicate or disseminate material non-public information to another person except where permitted and necessary or required by law;
- Avoid and/or disclose any conflicts between their personal interests and FCIAM clients;
- Uphold fiduciary responsibilities (i.e., personnel must respect the trust that clients have placed in FCIAM to act on their behalf);

- Ensure personal trading does not conflict with their regular employee duties; and
- Ensure personal trading does not contravene any other legal requirements.

FCIAM has implemented a personal trading policy as part of the Code setting out the procedures to be followed in relation to trading financial products in a personal capacity. For example, Access Persons (defined as investment personnel, officers of FCIAM, and other persons designated by FCIAM's Chief Compliance Officer or his/her designee) must report to FCIAM's Chief Compliance Officer or his/her designee all personal transactions in securities not otherwise exempt under the Code. The Code is available to current and prospective clients and investors from FCIAM upon request.

Personnel must also comply with the general First Citizens BancShares, Inc. Code of Ethics (the "FCB Code").

Personal Trading by Related Persons

FCIAM generally addresses conflicts that are expected to arise in the personal trading of securities by our related persons through the Code and review of the personal trading of related persons who are FCIAM directors or officers or personnel that have access to pre-trade information about orders placed or recommendations made for our clients. The Code contains general prohibitions on personal trading that would conflict with the clients' interests, "front running" of client transactions and transactions that would involve the use of material non-public information. The Code also contains provisions for the review reports of related persons' personal trading for such conflicts, front-running, and transactions involving the use of material non-public information.

FCIAM's Ownership

FCIAM, its personnel or a related entity can have an investment in Private Funds. Therefore, FCIAM could be considered to participate, indirectly, in transactions effected for those Private Funds.

FCIAM has developed and implemented policies and procedures designed to mitigate and disclose these and similar conflicts of interest. Please refer to Item 12 for a discussion of FCIAM's Allocation Procedures.

Participation or Interest in Client Transactions

FCB originates, holds, buys, or sells for its own account or for the account of its affiliates existing or new loans and leases, including loans and leases or the types of loans and leases in which Clients invest or expect to invest. Clients should expect that all or a significant portion of Client assets will be comprised of loans and/or leases, or a portion of loans and/or leases, that are also held by FCB or its affiliates. This will result in potential and actual conflicts of interest. The following summarizes some of the conflicts of interest inherent in investment activity on behalf of Clients. More detailed information on the nature of FCIAM's sourcing arrangements is included in the Governing Documents for the applicable Client.

Principal and Agency Cross Transactions

It is anticipated that from time to time Clients of FCIAM will purchase loans or leases from FCB or its affiliates. Such transactions would be subject to conflicts of interest, in that FCIAM would have an incentive to source loans and/or leases from FCB or its affiliates in a manner that could benefit FCB or its

affiliates to the detriment of FCIAM's Clients. However, as a matter of FCIAM policy, such transactions will be conducted only when, in FCIAM's view, the transaction is in the best interest of the pertinent Client(s).

FCIAM can cause or recommend principal transactions where a Client acquires a loan or lease from or sells a loan or lease to (or a portion of a loan or lease, in each case) FCIAM, FCB or an affiliate. In such cases, FCIAM will provide disclosures to and obtain consent of the Client, or consent of such Client's designee, in accordance with Section 206(3) of the Advisers Act and with applicable Governing Documents.

FCIAM can also cause or recommend Clients to enter into cross-transactions where one Client sells assets to another Client. Prior to entering into a cross-transaction, FCIAM will determine that such transaction is fair and equitable to each Client, and such transaction is executed at a valuation that has been determined in accordance with FCIAM's policies and procedures and the Governing Documents for the applicable Client.

Other Conflicts of Interest

FCIAM regularly invests Clients in loans and/or leases, or portions of loans and/or leases, that are also held directly or indirectly by FCB, its affiliates, or other Clients. FCB and its affiliates can invest in a range of asset classes (including loans and leases, as well as debt and equity securities) of obligors or issuers in which Clients invest. A Client can hold interests in an obligor that are of a different class or type than the class or type of interest held by FCB or an affiliate and which could be senior, *pari passu*, or junior to the Client's investment in such obligor, and FCB or its affiliates' investments in an obligor of the same class or type as a Client can be held in different amounts than those of the Client.

FCB or an affiliate can participate in creditors' committees with respect to bankruptcy, restricting or working out of obligors' loans or leases and can take positions that are adverse to the interest of a Client. It is possible that FCB or an affiliate can obtain material, non-public information that they could be prohibited from providing to FCIAM and its Clients. Any of the foregoing can create an actual or potential conflict of interest, or the appearance of one. FCB can take actions with respect to obligors that will differ from the timing or nature of actions taken or recommended by FCIAM with respect to investments by Clients. FCB or its affiliates can have obligations to other persons, the fulfillment of which might not be in the best interests of certain Clients. The scope of FCIAM's, and FCB's or its affiliates', duties and limitations will be specifically agreed to in the Governing Documents for the applicable Client.

FCIAM or FCB could engage in repeat transactions with certain obligors over time, which can present conflicts of interest; if an obligor's creditworthiness becomes impaired or an obligor seeks to refinance or restructure its loans or leases, the interests of FCIAM's Clients and FCB might not be aligned.

FCIAM or its associated persons might from time to time come into possession of material non-public information that limits FCIAM's ability to recommend or effect a transaction for a Client, and the Client's ability or inability to effect transactions can be impacted by the presence or absence of internal information barriers.

Item 12 – Brokerage and Loan and Lease Trading Practices

FCIAM has a fiduciary duty to seek to obtain “best execution” for every transaction where it has the responsibility to select broker-dealers to execute Client trades. Accordingly, transactions will be allocated to brokers and dealers in such a manner as to seek best execution (which could include, among other items, the consideration of such broker’s or dealer’s ability to effect transactions, its facilities and financial responsibility). The SEC generally describes the duty to seek “best execution” as a duty to execute securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that when seeking best execution the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution.

Loans and leases are generally purchased from a lender or lessor, or a primary market-maker, on a net basis without a stated commission but at prices generally reflecting a dealer spread. When executing such transactions, FCIAM personnel are required to seek to obtain the best execution for FCIAM’s Clients, considering such factors as price (including the applicable dealer spread), size of the market, the breadth of the market, counterparty risk, liquidity, actual prices offered and difficulty of execution. FCIAM’s execution personnel typically work with the portfolio manager to establish ranges of levels for execution within the quoted market, taking into account the liquidity of the loan and overall market technicals.

As loans and leases are bought and sold through a negotiated market, they are not liquid. There can be no assurance that the current level of liquidity will continue or that future levels of supply and demand in loan or lease trading will provide an adequate degree of liquidity. Due to (i) holders of such loans or leases receiving confidential information relating to the borrower or lessee, (ii) the unique and customized nature of loan and lease agreements, and (iii) the private syndication of loans and leases, loans and leases might not be as easily purchased or sold as publicly traded securities, and historically the trading volume in the loan and lease markets has been smaller relative to other markets. Therefore, seeking best execution for loan and lease trades requires FCIAM’s consideration not only of the best price but also a number of other factors, including the ability to provide or establish adequate liquidity in a given loan or lease.

FCIAM has developed and implemented policies and procedures to comply with its best execution responsibilities, which includes evaluating and changing, when necessary, our best execution practices.

Research and Other Soft Dollar Benefits

Although FCIAM does not have any formal soft dollar arrangements at this time, it reserves the right to take into consideration research and other brokerage services furnished to it or its affiliates by brokers and dealers when selecting which brokers or dealers to employ on behalf of its Clients. Any research or other brokerage services provided to FCIAM or its affiliates will benefit FCIAM or its affiliates, as FCIAM will not need to produce or pay for such research or services on its own. If FCIAM were to enter into a formal soft dollar arrangement, it can have an incentive to select or recommend a broker-dealer based on its interest in receiving research or other services rather than its Clients’ interest in receiving the most favorable execution.

Brokerage for Client Referrals

FCIAM's trading and brokerage policies prohibit the directing of commissions generated from brokerage transactions, or selecting dealers or other intermediaries, as compensation for or recognition of client or investor referrals, and these policies also prohibit making any recommendation that "credit" be given to particular individuals within a brokerage firm. Nonetheless, FCIAM could execute transactions through a broker or other intermediary that has made, or could in the future, make such referrals if consistent with FCIAM's duty to seek best execution.

Directed Brokerage

While FCIAM does not currently have any directed brokerage arrangements, FCIAM could accept direction from an SMA client in the future. Clients requesting a directed brokerage arrangement should understand that these arrangements have the effect of preventing FCIAM from executing the Client's transactions through brokers or other intermediaries other than the directed broker and, as a result, FCIAM could be unable to execute through the broker or intermediary that FCIAM believes is likely to provide the most favorable execution of transactions on behalf of such SMA clients. Additionally, trades for Clients that direct brokerage generally will not be aggregated with transactions for other Clients (other than when such other Clients' are also executed through the directed broker). As a result, Clients who direct brokerage generally would not receive the benefits of aggregated trading which can include more favorable pricing.

Allocation and Aggregation Procedures

FCIAM has adopted Investment Allocation Policies & Procedures ("Allocation Procedures") for use in the allocation of investment opportunities. Generally, investment opportunities could, from time to time, be sourced by FCB for potential investment on FCB's own balance sheet, however, when FCB is unable, or elects not, to retain the full amount of such opportunities on its own balance sheet, a certain portion of these investment opportunities can be shared with FCIAM and become allocable to Clients. Certain investment opportunities made available to FCIAM by FCB are expected to be subject to an initial minimum amount retained (if any) for investment by FCB (the "FCB Hold Amount"), which can be adjusted from time to time by FCB as its business needs warrant, subject to FCB's lending and leasing guidelines and its contractual obligations. However, FCB could decide, in its sole discretion, to decline to retain any portion of an investment opportunity. Subject to the applicable Governing Documents, FCIAM might not have the opportunity to recommend or cause a Client to invest in a particular opportunity if FCB has agreed to make the entire loan or lease.

For some Clients, FCIAM expects to have discretionary power to cause Clients to participate in certain investment opportunities with respect to some or all of such Clients' assets or types of opportunities. For other Clients, FCIAM recommends opportunities on a non-discretionary basis. The scope of FCIAM's discretionary authority, if any, will be set-out in the applicable Governing Documents for each Client. To the extent FCIAM lacks discretion with respect to an investment opportunity, FCIAM generally recommends such investment opportunity to the Client or the Client's board of directors or similar body, including an investment committee, representing that Client, which must approve such investment opportunity before such Client can participate.

In addition to Clients, in the future, FCIAM could make investment opportunities, or portions thereof, available to joint ventures or other pools of capital established by related persons of FCIAM and/or to which FCIAM provides non-advisory services ("Related Party Accounts"). Related Party Accounts and Clients are, together, referred to herein as "Accounts."

As an investment adviser and fiduciary to its Clients, FCIAM has a duty to treat Clients on a fair and equitable basis over time in the allocation of investment opportunities. Clients will generally have agreements in place with FCIAM which impact allocations. In making available investment opportunities to Clients pursuant to its Allocation Procedures, FCIAM considers, among other things: (i) each Client's investment objectives, restrictions and agreements; (ii) the amount of available capital each Client has to invest (including, without limitation, capital available as a result of borrowings); and (iii) any other factors deemed to be appropriate by FCIAM, as set-out in FCIAM's Allocation Procedures, consistent with its obligations to Clients and applicable laws and regulations. While FCIAM will seek to allocate investment opportunities fairly over time, there is no assurance that FCIAM's Clients will participate in every opportunity which could be appropriate for such Clients.

When the amount of aggregate demand from participating Accounts for an investment opportunity made available to FCIAM by FCB for allocation among Accounts (following retention, if any, of the FCB Hold Amount) exceeds the total supply available for allocation, FCIAM generally allocates the investment opportunity among participating Accounts pro rata based on the relative amounts recommended for such participating Accounts, subject to any contrary provisions in the applicable Governing Documents. Following this allocation process, for Accounts for which FCIAM has non-discretionary authority, investment opportunities are presented to the Accounts' investment committees or boards of directors for approval prior to execution.

Following any initial decision by FCB or an Account not to participate in an investment opportunity, in whole or in part, FCIAM can make such remaining investment opportunity available (i) to FCB or Accounts for a second time at the end of the investment process, and/or (ii) to strategic partners of FCIAM or FCB or unrelated third-parties (collectively, "Third-Party Accounts"). FCIAM's ability to make investment opportunities available to Third-Party Accounts could enable FCIAM to consummate transactions on behalf of Accounts where additional capital is required above the capacity available from Accounts, however, investment opportunities will generally be made available to Third-Party Accounts only after FCB and all relevant Accounts have been offered and rejected all or a portion of such investment opportunities.

Aggregation

In addition, as a general matter, when FCIAM intends to originate, purchase or sell loans and/or leases for two or more Clients at the same time, FCIAM will generally seek to aggregate Client orders for execution as a single transaction. Such orders, upon execution, will be allocated to specific Clients.

FCIAM can, in limited circumstances, aggregate multiple orders for the purchase or sale of the same asset across FCIAM and other FCB entities (such as a term loan) into block transactions ("Block Orders"), subject to seeking "Best Execution" in all cases. In limited circumstances when bank debt is purchased in a Block Order, FCIAM might not be able to allocate to a particular Client (e.g., an allocation order might not meet the minimum assignment amount mandated by the issuer). FCIAM, in its discretion, can also decide to have certain Clients not invest in a bank debt transaction directly for a variety of reasons, including that the relevant Client does not meet the lender requirements to buy debt directly (e.g., minimum amounts) or FCIAM believes that the costs (e.g., assignment fees) associated with the investment are too high. In making a determination to include a Client in a Block Order and the level of participation of each client, FCIAM will consider a number of factors with respect to each client, including, but not limited to, the allocation factors mentioned above. Additionally, as noted above, Clients who have directed FCIAM to

execute transactions through a particular firm will not participate in a Block Order unless that Block Order is placed through the directed firm.

Prospective investors and Clients should review the discussion of brokerage practices and of the liability of and indemnification provisions applicable to FCIAM in the applicable offering memorandum, indenture, collateral management agreement, investment advisory or management agreement or other Governing Documents.

Item 13 – Review of Accounts

FCIAM performs routine reviews to monitor compliance with investment objectives and requirements agreed to with Clients and established in respective Governing Documents. Specific tests can also be performed in connection with periodic reporting dates agreed to with each joint venture Client. FCB and FCIAM have developed appropriate systems, policies and procedures to meet these specific reporting requirements.

Private Fund investors will also receive audited financial statements within 120 days of the end of the fiscal year (see Item 15, below) unless otherwise agreed with the applicable Client.

Item 14 – Client Referrals and Other Compensation

FCIAM does not currently enter into solicitation, referral or similar agreements pursuant to which FCIAM pays fees to third parties for the referral of Clients.

Item 15 – Custody

FCIAM can be deemed to have custody of Private Fund assets for purposes of the Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) due to FCIAM’s or its affiliate’s relationship to the Private Funds. Private Funds are audited in accordance with GAAP on an annual basis, and each Private Fund’s audited financial statements would be distributed to each investor within 120 days of the Private Fund’s fiscal year end to comply with the Custody Rule.

When loans held or to be held by Clients are syndicated, an administrative agent (“agent”) is selected to service the loans and maintain bank accounts with a qualified custodian to hold monies related to the loans and the syndicate participants (an “Agency Account”). Although an agent has no discretion over the use, allocation, or disbursement functions, the agent has control over the Agency Account. Other than the terms of the loan documents, nothing would prevent an agent from withdrawing cash for unrelated purposes.

In the future, we expect that our affiliate, FCB, will act as agent to the loan syndicate participants in connection with loan syndications in which FCIAM participates on behalf of Clients. Under these circumstances, FCB will open an Agency Account, as agent for the loan syndicate participants, in FCB’s name. FCB will arrange for monies relating to the loan syndication to be deposited and maintained in the Agency Account and will distribute the monies in the Agency Account as appropriate and consistent with the relevant loan documents. FCB will have no discretion to determine how monies are used, allocated or distributed. For example, when borrowers make payments to the Agency Account, FCB will cause these proceeds to be distributed from the Agency Account to the various lenders, including FCIAM’s Clients, generally on the same day that payments are received, strictly in accordance with the loan documents. FCB will not send account statements to loan syndicate participants.

When FCB acts as agent to the loan syndicate participants in connection with loan syndications in which FCIAM participates on behalf of Clients, FCB or its affiliates and other third-party lenders will also be loan syndicate participants in many cases. In these cases, the Agency Account could commingle Client assets, FCIAM or FCB assets, and assets of third-party syndicate participants. Under SEC staff guidance, we will be deemed to have custody over Client assets in the Agency Account because our affiliate, FCB, in its role as agent to the loan syndicate participants, will have access to, and authority over, monies in the Agency Account.

Item 16 – Investment Discretion

FCIAM will provide investment advisory services to a Client within certain guidelines determined by the Client. The scope of FCIAM's discretionary authority, if any, and any investment guidelines or restrictions that act as a limit on FCIAM's discretion, will be established in the applicable Governing Documents for each Client. For some Clients, FCIAM expects to have discretionary power to cause Clients to participate in certain investment opportunities with respect to some or all of such Clients' assets or types of opportunities. For other Clients, FCIAM recommends opportunities on a non-discretionary basis. To the extent FCIAM lacks discretion with respect to an investment opportunity, FCIAM generally recommends such investment opportunity to the Client or the Client's board of directors or similar body, including an investment committee, representing the respective Client, who must approve such investment opportunity before such Client can participate.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

While FCIAM does not intend to cause its Clients to hold public securities, FCIAM expects to exercise voting and/or consent rights with respect to loans or leases, including but not limited to, plans of reorganization, waivers and consents under applicable indentures, consent rights that primarily entail decisions to buy or sell investments, such as tender or exchange offers, conversions, put options, redemption and Dutch auctions.

With respect to the exercising of such voting and/or consent rights, FCIAM considers each proposal regarding a loan or lease on a case-by-case basis, taking into consideration any relevant financial implications and contractual obligations, as well as other relevant facts and circumstances at the time of the vote.

FCIAM will exercise voting and/or consent rights in the manner that it believes are consistent with efforts to achieve a Client's stated objectives. FCIAM follows procedures that are designed to identify conflicts or potential conflicts that could arise between its own interests and those of its Clients. If it is determined that any such conflict or potential conflict is not material, FCIAM may exercise voting and/or consent rights notwithstanding the conflict. However, if it is determined that a conflict of interest or potential conflict of interest is material, the Chief Compliance Officer will work with appropriate personnel to agree upon a method to resolve such conflict before exercising voting and/or consent rights affected by the conflict.

A copy of our proxy voting policies and procedures is available upon request.

Item 18 – Financial Information

FCIAM is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients. FCIAM is not currently, nor has at any time in the past ten years been, the subject of a bankruptcy petition.