

CNL STRATEGIC CAPITAL MANAGEMENT, LLC

450 South Orange Avenue
Suite 1400
Orlando, Florida 32801
Phone: (407) 650-1000
Fax: (407) 540-7653

Firm Brochure Form ADV, Part 2A

Prepared for Filing with our Form ADV Part 1

Dated: March 30, 2024

Item 1 – Cover Page

CNL STRATEGIC CAPITAL MANAGEMENT, LLC

450 South Orange Avenue
Suite 1400
Orlando, Florida 32801
Phone: (407) 650-1000
Fax: (407) 540-7653
March 31, 2023

This Form ADV Part II brochure (the “Brochure”) provides information about the qualifications and business practices of CNL STRATEGIC CAPITAL MANAGEMENT, LLC, which we may refer to in this brochure as “the Manager,” “we,” “us,” or “CSCM.” If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Julie Eason at (407) 540-2588 or by email to Julie.Eason@cnl.com.

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

CNL STRATEGIC CAPITAL MANAGEMENT, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

We have elected to make the required disclosures pursuant to the format and requirements of Form ADV Part 2A in satisfaction of our fiduciary notice requirements.

Currently, our Brochure may be requested by contacting our Chief Compliance Officer or it is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as investment adviser representatives of the Manager. You may also find information about us at the Investment Adviser Public Disclosure website: <https://adviserinfo.sec.gov/IAPD/>.

Item 2 – Material Changes

CSCM filed its most recent Form ADV on March 29, 2023. This Brochure amends the most recent annual update to incorporate certain changes and updates to the business practices of CSCM.

Item 3 – Table of Contents

Form ADV, Part 2A.....	1
Item 1 – Cover Page.....	2
Item 2 – Material Changes	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9 – Disciplinary Information.....	9
Item 10 – Other Financial Industry Activities and Affiliations	9
Item 11 – Code of Ethics.....	12
Item 12 – Brokerage Practices.....	13
Item 13 – Review of Accounts	13
Item 14 – Client Referrals and Other Compensation	13
Item 15 – Custody	13
Item 16 – Investment Discretion	14
Item 17 – Voting Client Securities.....	15
Item 18 – Financial Information.....	15

Item 4 – Advisory Business

CSCM is a Delaware limited liability company registered as an investment adviser with the Securities and Exchange Commission, effective March 3, 2017. It is controlled by CNL Financial Group, LLC (“CNL”), a private investment management firm specializing in alternative investment products. CSCM is the Manager and Administrator to CNL Strategic Capital, LLC, which will be our sole client.

The Client is a limited liability company, organized as a holding company that primarily seeks to acquire controlling equity stakes and loan positions in durable, middle-market companies through subsidiaries as operating companies. The Client will raise capital for operations through a series of private and public offering of securities. The public offerings have been and will be registered with the Securities and Exchange Commission. The Client is subject to the overall supervision of a board of directors, a majority of which who are not interested persons of either CNL or the Client. CSCM will serve as Manager and Levine Leichtman Strategic Capital, LLC (“LLSC” or the “Sub-Manager”) will serve as Sub-Manager to the Client. As set forth in the Management Agreement, we act as the manager to the Client and its subsidiaries with respect to day-to-day operations of the Client and its subsidiaries. We shall ensure that the Client follows its business policies, directives and restrictions that are set forth in the Client’s organizational documentation, registration statement and as are otherwise approved or implemented by the Client’s board of directors, or as may be required by federal and state law. The Manager and the Sub-Manager are collectively responsible for sourcing potential acquisition and debt financing opportunities. The Sub-Manager is primarily responsible for analyzing and conducting due diligence on prospective acquisitions and debt financings. Prior to presentation and approval to the Client’s board of directors, acquisitions and/or finance opportunities remain subject to approval by the Manager’s management committee (the “MCOM”), including a determination that such opportunity meets the Client’s investment objectives. The final approval by the Client’s board of directors is required for all Client acquisition and/or finance opportunities. The Manager and the Sub-Manager are collectively responsible for monitoring and managing the businesses the Client acquires and/or finance on an ongoing basis.

Item 5 – Fees and Compensation

Pursuant to the Management Agreement executed between us and the Client, we will be paid a Base Management Fee and a Total Return Incentive Fee. In accordance with the Sub-Management Agreement executed between us and the Sub-Manager, the Sub-Manager will be entitled to 50% of the Base Management Fee and the Total Return Incentive Fee earned by the Manager. In addition to the fees listed above, we also entered into an Administrative Services Agreement with the Client under which we will not receive a separate fee, but will be paid reimbursement of expenses on a direct cost basis or the amount that would be paid for comparable services.

Base Management Fee. The base management fee will be calculated for each share class at an annual rate of (i) for the non-founder shares, 2% of the product of (x) the average gross assets and (y) the ratio of non-founder share Average Adjusted Capital for a particular class to total Average Adjusted Capital and (ii) for the founder shares, 1% of the product of (x) the average gross assets and (y) the ratio of outstanding founder share Average Adjusted Capital to total Average Adjusted Capital, in each case excluding cash, and will be payable monthly in arrears. For purposes of this calculation, "average gross assets" means the arithmetic average of the Gross Asset Value as of the last day of (1) a calendar month and (2) the immediately preceding calendar month. "Gross Asset Value" means, with respect to any date, the sum of the values of all of the Company's assets (excluding cash) as used in determining net asset value pursuant to the Company's valuation policy as of such date. Average Adjusted Capital of an applicable class is computed on the daily Adjusted Capital for such class for the actual number of days in such applicable month. The base management fee may be reduced or deferred by us and the Sub-Manager under the Management Agreement and the Expense Support and Conditional Reimbursement Agreement. The fact that our base management fee for a certain month is calculated based on the average value of our Client's gross assets at the end of that month and the immediately preceding calendar month, which would include any borrowings for investment purposes, may incentivize us to recommend that the Client use leverage. We seek to mitigate this conflict ensuring that all the loan agreements associated with Client borrowings (borrowings by Client businesses are not considered for this purpose) approved by the Client's board of directors, including a majority of the independent directors.

Additionally, the Client has stated that it will not use leverage in excess of 35% of the Client's gross assets (for which calculation borrowings of Client businesses are not included) unless a majority of the Client's independent directors specifically approves any excess above such limit and determines that such borrowing is in the best interests of our Client.

Transaction Fees. In connection with the services that the Sub-Manager or its affiliates may provide to the businesses acquired by the Client, the Sub-Manager may be paid transaction fees in connection with services customarily performed in connection with the management of such businesses (except that no such transaction fees were charged on the acquisition of the initial businesses). Transaction fees are subject to annual limitations based on the amount total Client Assets. CSCM does not receive any portion of such transaction fees. On a quarterly basis, our Client's board of directors receives a report of all transaction fees charged to our Client's businesses by the Sub-Manager, including the reasonable details of services actually performed for such fees. Prior to any transaction fee that individually or as a series of related expenses exceeds \$100,000 being charged to any of our Client's businesses, the Sub-Manager shall obtain the approval of a majority of our Client's board of directors, including a majority of the Client's independent directors.

Expense Support and Conditional Reimbursement Agreement. CSCM and the Sub-Manager have entered into an Expense Support and Conditional Reimbursement Agreement with the Client pursuant to which we agree to reduce the payment of base management fees, total return incentive fees and the reimbursement of reimbursable expenses due to us, to the extent that the Client's annual regular cash distributions exceed its annual net income. Subject to the terms of this agreement, reimbursement of fees waived shall be made from excess operating funds, if any,

at the end of the calendar year. The Client's obligation to reimburse fees waived shall terminate three years following the date on which the expense support was provided to the Client.

Additional information regarding the Fees earned by CSCM is available in the Client's prospectus as amended and may be requested by contacting our Chief Compliance Officer.

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

In addition to the management fees described in Item 5, we may also receive from the Client a Total Return Incentive Fee.

Total Return Incentive Fee. We and the Sub-Manager are also eligible to receive incentive fees based on the Total Return to Shareholders, as defined in the Management and Sub-Management Agreements, for each share class in any calendar year, payable annually in arrears. The total return incentive fee will be based on the Total Return to Shareholders for each share class in any calendar year, payable annually in arrears. The total return incentive fee will be accrued on a quarterly basis, to the extent that it is earned, and will perform a final reconciliation at completion of each calendar year. The Total Return Incentive Fee (or the "Incentive Fee") is subject to a "High Water Mark" as defined in the Management and Sub-Management Agreements, the total return incentive fee may be reduced or deferred by us and the Sub-Manager under the Management Agreement and the Expense Support and Conditional Reimbursement Agreement.

Certain directors and officers of the Client who also serve as personnel of the Manager are employed by CNL and receive compensation directly from CNL. The Client does not pay compensation directly to these individuals. However, certain of these individuals, including all members of our MCOM, are compensated with incentive-based compensation, asset-based compensation and/or bonuses and awards which will vary based on the Manager's performance. Such compensation may be in the form of an allocation of the Base Management Fee (as described above in Item 5) and/or as an allocation of the Total Return Incentive Fee (including both realized and unrealized gains, as described in Item 6). The resulting pecuniary interests that we, and our personnel, have in our Client, create conflicts of interest, including, our role in the Client's valuation process and/or the Client's investment processes.

Although, as discussed below and in the Client's public filings, we and our personnel do not have full authority over the valuation process, we and our personnel do have a role in determining the value of assets held by our Client, which typically do not have readily ascertainable market values. Fair value pricing is merely a good faith approximation of the value of an asset as of the measurement date at the time the valuation is performed – thus, fair value will not always represent the actual or empirical value of any asset as might be determined with the benefit of hindsight, the next available and reliable market price or the price at which the asset might later be sold. Because asset valuations are a component of the Base Management Fee and because the returns on which our Total Return Incentive Fee is based include unrealized gains, we and our personnel have an incentive to promote higher valuations of assets and to resist writing the value of an asset down or off.

Our right to receive a Total Return Incentive Fee, and the fact that certain personnel's compensation is based in part on the Total Return Incentive Fee we receive, also creates an incentive for us to make or recommend more speculative acquisitions, investments and/or increase the use of leverage on behalf of our Client than we might otherwise make or recommend.

We seek to mitigate these conflicts through the application of internal control processes, reliance on third parties as participants in the process of identifying, recommending and valuing investments (including the Sub-Manager, although it's compensation is similar to ours and, thus, creates similar conflicts) and approvals of investments and valuations by our Client's Board, including a majority of the Client's independent board members. For example, we consider the following:

- Our compliance group reviews our MCOM processes as part of our annual compliance review;
- All MCOM meetings are required to be attended by either the Client's Secretary (or Assistant Secretary) for the purpose of monitoring for such conflicts;
- Client acquisitions must be consistent with our Client's Investment Policy and the investment objectives, guidelines, eligibility criteria and restrictions set forth in our Client's offering documents;
- Client acquisitions are typically sourced by the Sub-Manager and the process of reviewing potential investments for recommendation to our Client's Board is a collaborative process between us and the Sub-Manager;
- With respect to valuation, on no less than a quarterly basis, an independent valuation firm (the "Valuation Firm") provides a valuation range of each of our Client's businesses and a full valuation report based on previously approved methodology which our Client's Audit Committee (comprised of all independent directors), our MCOM, and the Sub-Manager utilize to make recommendations to the Client's board of directors;
- Based on those discussions, the Valuation Firm provides final valuation ranges using agreed methodologies which MCOM following input from the Valuation Firm and the Sub-Manager in preparing its recommendations to our Client's Audit Committee;
- Our Client's Audit Committee reviews our valuation recommendations and all supporting documentation, including for those assets that must be valued as "Level 3" assets before presenting a recommended valuation to our Client's Board for final approval;
- With respect to both investment decisions, acquisitions of a business and material financing transactions are approved by a majority of our board of directors, including a majority of our independent directors.

For further discussion of these and other conflicts applicable to our business, please see Item 10.

Item 7 – Types of Clients

We intend to be Manager and Administrator to CNL Strategic Capital, LLC, who will be our sole client. CNL Strategic Capital, LLC is a limited liability company, organized as a holding company that primarily seeks to acquire controlling equity stakes and loan positions in durable, middle-market companies through subsidiaries as operating companies. Our Client is currently raising capital for operations through a public offering of securities registered with the Securities and Exchange Commission and previously through private offerings exempt from registration.

We do not intend to have any other clients.

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

On behalf of the Client, and together with the Sub-Manager, our business strategy is to acquire controlling equity interests in combination with debt positions in middle-market U.S. companies. In doing so, we seek to provide long-term capital appreciation and current income, while protecting invested capital. To the extent we have available cash while seeking investment opportunities consistent with our investment objectives to deploy our capital, we may make investments in short-term U.S. Treasury Bills. In addition and to a lesser extent, we may facilitate the acquisition of other debt and minority equity positions, which may include acquiring debt in the secondary market as well as minority equity interests and debt positions via co-investments with other funds managed by the Sub-Manager or their affiliates. We expect that these positions will comprise a minority of our total assets.

We intend to facilitate the acquisition and growth of durable, middle-market businesses that have historically generated stable free cash flow and where management seeks a meaningful ownership stake in the company. We target businesses with proven and demonstrable track records of recurring cash flow and stable and predictable operating performance, all of which is intended to produce attractive risk-adjusted returns over a long-term time horizon. We seek to acquire businesses for the Client with limited third-party leverage.

Under the Management Agreement, we will be responsible for the overall management of the Client's activities. Under the Sub-Management Agreement, LLSC is intended to be responsible for the day-to-day management of the Client's assets. We, and the Sub-Manager are collectively responsible for the sourcing potential acquisition and debt financing opportunities, subject to the final approval of the Client's board of directors, and monitoring and managing the businesses acquired and/or finance on an ongoing basis. We are primarily responsible for making a determination that a business acquisition is consistent with the Client's investment objectives. The Sub-Manager is primarily responsible for analyzing and conducting due diligence on prospective acquisitions and debt financings, as well as the overall structuring of transactions.

The strategies and processes utilized by the Manager and Sub-Manager are intended for long hold periods. The businesses in which the Client invests may lose value. An investment in the

Client involves a risk of loss that an investor in the Client should be prepared to bear. A prospective investor in the Client should review all risk factors associated with an investment in the Client, which is set forth in the Client's offering documents, as amended and may be requested by contacting our Chief Compliance Officer.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management team. CNL Strategic Capital Management, nor any persons associated with it, have disclosures to report in this Brochure.

Item 10 – Other Financial Industry Activities and Affiliations

We are an indirect, wholly owned subsidiary of CNL, an investment management firm specializing in alternative investment products. Certain of our officers and personnel are also principals, executive officers and/or directors of the Client.

Our officers and certain other persons associated with us are provided to us by an affiliated entity, CNL Financial Group Investment Management, LLC ("CFGIM"), to provide clerical, ministerial and non-investment advisory services and staffing. All persons associated with us are subject to our compliance program, including the Code of Ethics which establishes the fiduciary standards and all reporting requirements established thereunder. All persons providing services to us are also subject to confidentiality requirements under the respective agreements.

We currently have three affiliates who are investment advisers registered with the Securities and Exchange Commission (the "SEC"). Two of our affiliate investment advisers do not currently have any clients and one affiliate has a sole client which formerly raised capital through a private offering. In addition, we have various affiliated advisers who have solely as their client a real estate partnership or a real estate investment trust and are therefore exempt from registration as a registered investment adviser with the SEC. We have an affiliated entity which is currently licensed as a real estate broker or dealer.

Additionally, CNL Securities Corp., a FINRA registered broker-dealer who is a wholly-owned, indirect subsidiary of CNL is an affiliate. This entity is also under an agreement with the Client to provide managing dealer and/or placement agent services with regard to the offer and sale of the Client's shares and which it may receive compensation in this regard. The agreement was approved by the board of directors of the Client, including a majority of directors who are independent.

We hold in high regard the fiduciary duty under which we provide services to the Client, and further, the duty owed by the Client to its shareholders. A part of upholding this fiduciary duty is recognizing potential conflicts of interest and developing controls which seek to protect against

any harm to the Client and its shareholders. We acknowledge that we may experience conflicts of interest in connection with the management of the Client's business affairs and have adopted policy controls, testing and monitoring to protect against such conflict effecting decisions made by us on behalf of the Client. We continuously reevaluate our business model in order to identify emerging conflicts. The conflicts currently identified are as follows:

- Client executive officers and certain members of the Client's board of directors serve as directors and/or officers of various entities affiliated with the Manager or the Sub-Manager, as applicable.
- We, the Sub-Manager, the Administrator, the Sub-Administrator and their respective affiliates provide services to the Client. The Administrator and the Sub-Administrator will also oversee the performance of other administrative and professional services provided to the Client by others, including by their respective affiliates.
- We, and the Sub-Manager will receive certain fees and expense reimbursements in connection with its services to us as the Manager and the Sub-Manager, respectively. Additionally, the Client may pay third parties directly or reimburse the costs or expenses of third parties paid by the Administrator and the Sub-Administrator for providing the Client with certain administrative services.
- Regardless of the quality of our Client's assets or the services provided to the Client, we will still receive certain fees and expense reimbursements. Additionally, our Client may pay third parties directly or reimburse the costs or expenses of third parties paid by the Administrator and the Sub-Administrator for providing the Client with certain administrative services
- The agreements between the Client and the Manager, the Sub-Manager or their respective affiliates are not arm's length agreements. In addition, as a result of the fact that there exists some common management, including on Client's board of directors, with the Manager and the Sub-Manager, Client board of directors may encounter conflicts of interest in enforcing Client rights against the Manager, the Sub-Manager and their respective affiliates in the event of a default by, or disagreement with, any of the Manager, the Sub-Manager and their respective affiliates or in invoking powers, rights or options pursuant to any agreement between any of them and us.
- The Client's board of directors will determine Client net asset value with assistance from the Manager, the Sub-Manager and the independent valuation firm and, because the base management fee is payable monthly and the base management fee for a certain month is calculated based on the average value of Client gross assets at the end of that month and the immediately preceding calendar month, a higher net asset value would result in a higher base management fee to the Manager and the Sub-Manager.
- We do not currently manage other clients; however, we are not prohibited from doing

so and we may determine it is appropriate for us and one or more other clients managed in the future by us or any of its affiliates to participate in an opportunity together. These co-opportunities may give rise to conflicts of interest or perceived conflicts of interest among us and the other clients.

- We and the Sub-Manager will experience conflicts of interest in connection with the management of the Client's business affairs relating to the allocation of business opportunities by us, the Sub-Manager and their respective affiliates to the Client and other clients. The Sub-Manager or its affiliates currently manage other clients that have a similar business strategy as the Client. The Sub-Manager will determine which opportunities it presents to the Client or another client with a similar business objective.
- The Sub-Manager may determine an opportunity is more appropriate for another client managed by the Sub-Manager or any of its affiliates than it is for the Client and present such opportunity to the other client. In certain cases, the Sub-Manager, subject to approval by us that such opportunity meets the Client's investment objectives and final approval of such opportunity by the Client's board of directors, may determine it is appropriate for the Client to participate in an acquisition opportunity alongside one or more other clients managed by the Sub-Manager or any of its affiliates. These co-opportunities may give rise to conflicts of interest or perceived conflicts of interest among the Client and the other clients. To the extent the Sub-Manager identifies such co-opportunities, the Sub-Manager has developed an allocation policy that covers both co-investment and sole investment opportunities to ensure that the Client is treated fairly and equitably. As part of this policy, the Sub-Manager will consider a variety of factors in making allocation decisions, including a client's stated investment objectives, scope, criteria, guidelines, business strategy and available capital. As a result, the Sub-Manager and its affiliates may determine, in its discretion, that it is appropriate to allocate opportunities to other clients in whole or in part as co-opportunities than to the Client. Our Client's board of directors has adopted its own allocation policy, which incorporates the Sub-Manager's allocation policy by reference. The independent directors of our Client's board of directors will be responsible for oversight of the allocation process.
- Consistent with our Client's allocation policy, in the event that a co-investment opportunity that we have approved for potential participation does not close and the Sub-Manager and its affiliates accumulate broken deal costs in connection with the co-investment opportunity, the Sub-Manager and its affiliates will be required to allocate such broken deal costs among us and the other participating accounts. Broken deal costs will generally be allocated to the Client by the Sub-Manager pro rata based on our allocation in a proposed co-investment opportunity if our Client's allocation in such co-investment opportunity has been determined; however, in the event that the Client expects to participate in a co-investment opportunity with Levine Leichtman Capital Partners VII, L.P. ("LLCP VII"), or LLCP Lower Middle Market Fund III, L.P. ("LMM III Fund") which accumulates broken deal costs and our Client's allocation in such co-investment opportunity has not yet been determined, the Client

will be allocated 5% of the broken deal costs with respect to a co-investment with LLC VII, or 10% of the broken deal costs with respect to a co-investment with LMM III Fund, subject to annual review by the Sub-Manager. Our Client may similarly act as a dedicated co-investor for other Private Acquisition Funds (as defined in the Client Prospectus) advised by affiliates of the Sub-Manager that are formed in the future, with our allocation percentage being determined at or prior to the time we begin pursuing co-investment opportunities with such vehicles and subject to annual review by the Sub-Manager. Additionally, on a quarterly basis, the Sub-Manager will identify third party broken deal costs for opportunities that were not presented to us (as the Manager) for prior approval but which are determined in the Sub-Manager's reasonable judgment and in a manner consistent with the Sub-Manager's fiduciary obligations to have qualified as a potential investment opportunity for us on a direct or co-investment basis (such opportunity, a "lookback broken deal"). Subject to approval by the Manager, the Client will reimburse the Sub-Manager for our allocable portion of third party broken deal expenses incurred in connection with a lookback broken deal. In the case of a lookback broken deal identified as an opportunity on a co-investment basis with LLC VII, or LMM III Fund, our Client's allocable portion of such third party broken deal expenses will be 5%, or 10%, respectively. Unless our Client's Board approves otherwise, in no event will our Client's portion of the aggregate lookback broken deal expenses exceed \$75,000 on a calendar year basis

- While the Client may pay transaction fees to the Sub-Manager for services provided to the Client's portfolio companies, the Manager and Sub-Manager may face conflicts of interest with respect to services performed for those businesses and opportunities recommended to the Client.
- Certain persons who serve on our Management Committee may receive an allocation award based upon the fees paid to us by the Client. The way in which the fee is determined may encourage the Manager and Sub-Manager to seek more speculative investments or use leverage to increase the return on the assets.

Item 11 – Code of Ethics

CSCM is dedicated to providing effective and proper professional investment management services to the Client. Our reputation is a reflection of the quality of services and the dedication to excellence in serving the Client. To ensure these qualities and dedication to excellence, persons associated with us must possess the following qualifications: experience, education, ethical standards, and judgment necessary to effectively serve as investment management professionals. Every person associated with us is expected to demonstrate the highest standards of moral and ethical conduct and comply with all federal securities laws for continued association.

In meeting their responsibilities to the Client, we have developed a Code of Conduct/Ethics (the "Code") which establishes a fiduciary duty of care to the Client, requires all associated persons to comply with the federal securities laws with regard to both the way they provide services to

the Client, as well as requires transparency in their personal transactions and business activities. In order to meet these requirements, the Code requires the disclosure of personal securities transactions, places limitations on outside business activities, monitors communications and provides for the protection of client personal information. The Code allows for the implementation of any additional controls deemed essential to mitigate conflicts of interest the associate person may encounter. In addition, the Code requires annual certifications and training to provide assistance to the associated persons in meeting the requirements of the federal securities laws, the fiduciary duty and most importantly to the needs of the Client. Lastly, the Code designates a Chief Compliance Officer who is responsible for oversight of the Code as well as the broader compliance program and to serve as a resource to our associated persons.

We will not be participating as a principal in any transactions alongside the Client. You may request a copy of our Code of Ethics by contacting our Chief Compliance Officer.

Item 12 – Brokerage Practices

Transactions on behalf of the Client which may require the services of a broker-dealer shall be coordinated at the Sub-Manager level. It is not expected that we would utilize the broker-dealer who is affiliated with us for such transactions.

Item 13 – Review of Accounts

In fulfillment of our responsibilities under the Management and Administrative Services Agreements, specifically with regard to the day-to-day operations of the Client and its subsidiaries, we shall continuously monitor the accounts, expenses and transactions of the Client and shall ensure the ongoing reporting obligations to the Client's board of directors. This monitoring is intended to be conducted primarily by the Internal Audit team engaged by the Client's Audit Committee, however, the Manager's CCO shall work closely with the Internal Auditor to ensure the soundness of the controls and testing in this regard.

Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit from any person for providing investment advice or other advisory services to the Client. In addition, neither we, nor any related person, directly or indirectly compensates any individual for client referrals.

Item 15 – Custody

Based on the authority of certain of our personnel designated to direct certain money movements in the course of acting in the capacity of Administrator for the Client, we will be deemed to have custody of Client's funds. We have implemented numerous controls around such money movements. The monitoring of these controls is intended to be conducted primarily by the Internal Audit team directed by the Client's Audit Committee.

Client cash and certain cash equivalents will be maintained in accounts established in the name of the Client with a bank determined to be a “qualified custodian.” Except for administrative functions noted below, authority for the transfer of cash (and certain cash equivalents) shall be done so only by a Principal of the Client consistent with the appropriate process controls. A Principal of the Client shall be anyone serving as the chief financial officer or chief executive officer. Otherwise, authority for the transfer of cash shall be limited to only certain authorized personnel of the Manager, acting as administrator, generally limited to members of the Manager’s Accounting and Tax, in their administrative capacity on behalf of our Client, which includes, for example, including, but not limited to the payment of expenses to non-affiliates of the Manager for which there is documentation or an invoice, money movements from one account to another both in the name of the Client, or wire transfers in settlement of an acquisition or transaction for which there is documentation executed by an officer of the Client.

The Manager will maintain Client securities (unless an exception applies) in accounts established in the name of the Client with an organization determined to be a qualified custodian. However, certain privately offered securities, which may include evidence of our Client’s equity ownership or notes evidencing our Client’s debt in a Client business need not be maintained at a qualified custodian, provided such securities meet certain transfer safeguards consistent with existing SEC guidance. For such securities, we will ensure that each note or certificate contains appropriate safeguards such as a legend restricting transfer of ownership or that such privately offered securities are transferable only with prior consent of the Client and, as applicable, the issuer.

Evidence of such securities shall be appropriately safeguarded and replaceable upon loss or destruction. A copy of such documentation will be held by the Client’s secretary, or their designee in the corporate legal department, in the corporate records for safe keeping.

Item 16 – Investment Discretion

With regard to our (together with the Sub-Manager collectively) responsibilities for sourcing potential acquisition and debt financing opportunities, specifically making a determination that such opportunity meets the Client’s investment objectives and the responsibilities related to the monitoring and managing the businesses the Client acquires and/or finance on an ongoing business, CSCM has established a Management Committee.

In connection with the Management Committee’s determination that an opportunity meets the Client’s investment objectives, the Committee shall, at a minimum, assess the proposed opportunity against the Client’s Investment Policy and related investment guidelines and process documents to ensure the standards and controls established therein have been met, specifically that the opportunity or investment is an Eligible Investment pursuant to the Client’s established investment policy, shall ensure the requisite approvals have been obtained and documented and shall ensure proper reporting to the Client’s board of directors is completed.

Item 17 – Voting Client Securities

It is not intended that the Client's portfolio will include any public companies for which there may be a proxy solicitation. We are not responsible for proxy voting matters with regard to any Client assets. The Sub-Manager will be responsible for all voting matters relevant to the Client's assets.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide its clients with certain financial information or disclosures about its financial condition. We have no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Client, and have not been the subject of any bankruptcy proceeding.