

Item 1. - Cover Page

Blue Water Advisors LP
Form ADV Part 2A Brochure
1 North Federal Highway, Suite 300
Boca Raton, FL 33432
(561) 282-0770

March 30, 2024

This Brochure provides information about the qualifications and business practices of Blue Water Advisors LP (the “Advisor”). If you have any questions about the contents of this Brochure, please contact us at the telephone listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about the Advisor is also available on the SEC’s website at www.adviserinfo.sec.gov.

As used in this Brochure, (i) unless otherwise stated or the context requires, references to “we,” “us,” “our,” and similar references refer collectively to the Advisor.

Item 2. - Material Changes

The Advisor filed its most recent Form ADV Part 2 on March 31, 2023. This annual amendment to the Brochure does not contain any material changes, but includes routine annual updating changes, clarifying changes, enhanced disclosures and updated regulatory assets under management. The Advisor encourages all recipients to read this Brochure carefully in its entirety.

Item 3. - Table of Contents

Item 1. - Cover Page.....	i
Item 2. - Material Changes	ii
Item 3. - Table of Contents.....	iii
Item 4. - Advisory Business.....	1
Item 5. - Fees and Compensation.....	1
Item 6. - Performance-Based Fees and Side-By-Side Management.....	5
Item 7. - Types of Clients	6
Item 8. - Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9. - Disciplinary Information.....	48
Item 10. - Other Financial Industry Activities and Affiliations	48
Item 11. - Code of Ethics, Participation in Client Transactions and Personal Trading	67
Item 12. - Brokerage Practices.....	67
Item 13. - Review of Accounts.....	68
Item 14. - Client Referrals and Other Compensation	68
Item 15. - Custody	69
Item 16. - Investment Discretion	69
Item 17. - Voting Client Securities.....	69
Item 18. - Financial Information	70

Item 4. - Advisory Business

The Advisor is a Delaware limited partnership that was formed on May 11, 2017 and is principally owned by Benjamin Griswold and William Whitridge.

The Advisor provides investment advisory services on a discretionary basis to clients that are pooled investment vehicles (each a “Fund” and, collectively, the “Funds”), that are not and will not be registered as investment companies under the Investment Company Act of 1940, as amended (the “Company Act”). Each Fund issues securities that have been and will be offered and sold in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”). Affiliates of the Advisor serve as the general partners or manager of the Funds (each a “Fund Manager” and, collectively, the “Fund Managers”). Each Fund’s investment objectives and/or parameters are set forth in the respective governing documents (the “Fund Offering Documents”) provided to each investor in such Fund (each, an “Investor”). The Advisor tailors the advisory services for each Fund based on each Fund’s investment objective and investment strategy, including guidelines regarding the types of securities it will invest in and portfolio limits (if any), and does not tailor advisory services to the Investors.

As of December 31, 2023, the Advisor managed approximately \$1,664,993,428 on a discretionary basis. The Advisor does not manage any assets on a non-discretionary basis.

Item 5. - Fees and Compensation

Investors and prospective Investors in the Funds should review the relevant Fund Offering Documents in conjunction with this Brochure for further information regarding fees and compensation or expenses and the following is subject in its entirety to the information provided in such Fund Offering Documents.

With respect to each Fund, the Advisor will generally be paid a management fee by the Fund quarterly in advance. As described in the relevant Fund Offering Documents, management fees are generally based on either a percentage of a Fund’s net asset value, commitments, invested capital, or as a fixed amount per annum. The fee percentage and/or the base upon which the fee is calculated may vary over the life of a Fund, as set forth in the relevant Fund Offering Documents. Management fees and performance-based compensation are permitted, in the sole discretion of the Fund Manager, to be waived, reduced or calculated differently with respect to certain participants in a Fund, including investments in such Fund by the Advisor and/or its related persons. For certain Funds, the Advisor is permitted, in its sole and absolute discretion, to defer the advisory fee payable in any period and recoup the

deferred portion in any subsequent period. As a general matter, management fees will be payable during term extensions unless otherwise agreed with Investors.

As is generally the case in private equity funds, the Fund Offering Documents provide that a Fund's management fees will be calculated and charged on a basis that generally is not tied to the Fund's then-current net asset value. As further specified in the Fund Offering Documents, from the effective date of the relevant Fund until a date specified in the Fund Offering Documents (generally representing the earlier of the end of the Fund's defined investment period and the date the relevant Fund Manager (or an affiliate thereof) first begins receiving or accruing management fees from another Fund meeting certain criteria) (the "Stepdown Date"), management fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate commitments. Further, after the Stepdown Date, management fees generally will be charged and calculated based on a formula tied to (i) the amount of capital invested (including, where applicable, amounts borrowed in lieu of capital contributed by such Fund's Investors) by the relevant Fund in investments that have not been disposed of or completely written off for U.S. federal income tax purposes (such investments, "Impaired Value Investments") or, in certain cases, (ii) to the net asset value of the relevant Fund as of the conclusion of the previous fiscal year.

As is generally the case for private equity funds, the amount of management fees generally will not correspond promptly with fluctuations in net asset value of individual investments or of a Fund, including following the relevant investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of Impaired Value Investments. Except where the Fund Offering Documents expressly provide to the contrary, management fees will not be reduced (in whole or in part) in the case of partial distributions (*e.g.*, those resulting from a dividend recapitalization) or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, in each case in circumstances that do not result in the complete disposition of the relevant Fund's interest therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

In many circumstances, the post-Stepdown Date management fee base will include capitalized transaction-specific expenses of unrealized investments. Further, management fees generally will not be reimbursed or refunded under the Fund Offering Documents in the event of realizations, dispositions or partial write-downs or write-offs that occur partway through the relevant calculation period.

The Fund Offering Documents set forth the full list of terms under which management fees will be reduced, offset or otherwise be limited, and consequently investors should expect to

bear the full specified management fee rate in the Fund Offering Documents until they are reduced in the circumstances and on the date(s) specified therein.

To the extent permitted by the applicable Fund Offering Documents, it is expected that each Fund will bear expenses relating to the organization of such Fund, its Fund Manager, the Advisor and each of their respective general partners or managing members (including certain of their affiliates), and the marketing and offering of the interests in such Fund (including, without limitation, any legal, accounting, filing and tax advice expenses and travel, which may include the use of charter flights, and accommodation expenses of personnel of the Advisor and/or its affiliates) (collectively "Organizational Expenses").

The Advisor and/or its affiliates are permitted to earn investment banking fees, consulting or management fees, monitoring fees, break-up fees, transaction fees and other similar fees in connection with the purchase, monitoring or disposition of investments or from unconsummated transactions ("Fund Fees"), and such fees generally will reduce a Fund's management fees (but not below zero). In certain cases, as described in the relevant Fund Offering Document, investment banking fees, consulting or management fees, monitoring fees, break-up fees or transaction fees paid to the Advisor and/or its affiliates by a portfolio entity will not be applied to reduce the Fund Fees payable by a Fund or otherwise be shared with such Fund, its Investors and/or the portfolio companies. Similarly, in the event any such fees are paid to the Advisor and/or its affiliates in connection with a transaction that is not ultimately consummated, co-investment vehicles that invest alongside a Fund will generally not be allocated any share of such fees. With certain exceptions set forth in the relevant Fund Offering Documents, Investors will not receive the benefit of fees or other compensation received by the Advisor and/or its affiliates in connection with the provision of services by them to the Funds or third parties, including the value of profits, participation or equity interests in or relating to the relevant portfolio company, which have the potential to be significant. Fund Fees will not generally be reduced by agency fees (for loans or otherwise) or other similar fees typically paid to third parties, service providers, current or former portfolio company management or personnel and/or others (as determined by the applicable Fund Manager), or otherwise provided for in the Fund Offering Documents.

Similarly, to the extent a former Advisor employee becomes a consultant to, or employed by, a portfolio company, no compensation earned by such former employee will offset the management fee, whether or not such former employee has a remaining interest in the relevant Fund Manager or affiliated entity. Conversely, in the event that Advisor employs a person that previously received compensation from a portfolio company, Investors will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with the Advisor, and not with respect to any compensation paid prior to such date, including equity grants made prior to the date of employment that vest thereafter. Each of the foregoing is expected to reduce the amount of Fund Fees otherwise

available to be offset against management fees, resulting in a potential material benefit to the Advisor over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for the Advisor to seek to increase such amounts.

Each Fund will bear all expenses of operating such Fund and its Fund Manager, including, without limitation, where applicable and as set forth in the relevant Fund Offering Documents: fees, costs and expenses directly related to the purchasing, origination, identification and sourcing, holding, disposing of or winding up, financing, hedging, developing, negotiating, diligencing (including any subscriptions to any periodicals, databases and/or research services), bidding on, structuring or restructuring, trading, taking public or private, valuing, settling and monitoring of investments, seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs in connection therewith) or otherwise facilitating the Fund's investment activities (including, without limitation, any brokerage, custody or transaction fees and travel, which include the use of charter flights and related expenses in connection with the Fund's investment activities), fees, costs and expenses of third-party valuation service providers and otherwise incurred in connection with the valuation of the Fund's investments, property management, leasing, construction management, development, environmental, brokerage, sales agents and other services, filing, title, transfer, registration and other similar fees and expenses, printing, communications, marketing and publicity, developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services), any activities with respect to protecting the confidential or non-public nature of any information or data, expenses of counsel, accountants, administrators, tax advisors, operating partners, consultants, depositaries and other advisors and professionals, expenses relating to compliance-related matters and regulatory filings relating to the Fund's activities (including, without limitation, expenses relating to the preparation and filing of Form PF, reports to be filed in connection with the requirements of the U.S. Commodity Futures Trading Commission and reports, disclosures, filings and notifications prepared, and service providers appointed, in connection with the laws, rules, regulations or similar requirements of jurisdictions in which the Fund engages in activities (or in which any prospective Investor is resident or established), including any notices, reports, and/or filings (including those in connection with the offering of interests) in accordance with the Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and/or other regulatory filings of the Fund Manager and/or its affiliates relating to the Fund and its activities), reporting related expenses (including other notices and communications), including preparation of financial statements, tax returns, K-1s and other communications or notices relating to the Fund, expenses associated with the Fund's research and technology costs (including market data research and news and quotation equipment and services), expenses relating to the annual meetings of the Fund, expenses of any committees of

Investors or their representatives, expenses incurred in connection with complying with provisions in Investor side letter agreements related to the Fund (including “most-favored nations” provisions), any insurance costs and expenses (including insurance premiums of any director and officer liability or other insurance, including the insurance of which the Advisor and/or its affiliates are or may be beneficiaries), any indemnity, litigation or other extraordinary expenses, any fees, costs and expenses of any custodians, lenders, investment banks and other financing sources (including interest and other expenses incurred in respect of Fund borrowings and guarantees or loan administration), placement agents, brokers or dealers, or finders, any taxes, fees or other governmental charges levied against the Fund, its affiliates and/or their investment vehicles, and, to the extent not reimbursed by a third party, any of the foregoing costs incurred in connection with proposed transactions which are not consummated, including legal, tax, accounting, travel, which may include the use of charter flights, and related expenses and any liquidated damages, reverse termination fees or similar payments (“Broken-Deal Expenses”). Co-investment vehicles that invest (or propose to invest) alongside a Fund generally do not bear their share of Broken-Deal Expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for unconsummated transactions. Except to the extent the relevant Fund Offering Documents or side letter(s) expressly provide to the contrary, such Broken-Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment will generally be borne by the applicable Fund(s).

In certain cases, a Fund will retain an affiliate of the Advisor to provide services with respect to the Fund’s investments (including property management, leasing, construction management and similar services, as well as providing corporate services (including accounting and reporting) and transaction support services) (collectively, “Property Services” and such affiliate, the “Property Manager”). The Property Manager is generally expected to receive certain agreed upon fees for such services and any amounts paid to the Property Manager or its affiliates for Property Services, or for reimbursement of expenses incurred in connection with providing such services, generally will not offset a Fund’s management fee.

The Fund Managers and the Advisor will be responsible for all of their routine administrative expenses, including salaries, employee benefits and office space, unless expressly provided for in the Fund Offering Documents.

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

As further described in Item 10, the Fund Offering Documents provide for performance-based compensation (which includes “carried interest” and the “management interest”). Such performance-based compensation is generally waived, reduced or calculated

differently with respect to certain participants in the Funds, including investments in the Funds by the Advisor and/or its related persons.

Performance-based compensation creates an incentive to recommend and operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than would be the case in the absence of this arrangement. Additionally, as discussed further in Item 10, the Funds have different fee arrangements and the Advisor and its related persons have different interest in such Funds which creates potential conflicts of interest in that the Advisor may have an incentive to favor accounts in which the Advisor or its related persons have greater potential for financial gain.

Item 7. - Types of Clients

The Advisor will provide investment advice to the Funds. Each Fund's Investors will generally consist of accredited investors (as defined in Regulation D promulgated under the Securities Act), qualified clients (as defined under the Advisers Act) and qualified purchasers (as defined under the Company Act).

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

Investment Strategies & Methods of Analysis

The Advisor's management team (the "Management Team") is comprised of a group of individuals with significant experience in acquiring, developing, and operating real asset-based businesses. The Management Team has built an extensive network to source acquisition opportunities and manage the Funds' investment portfolios.

The Advisor holds regular pipeline calls with its network of managers, operators, and other parties to discuss preliminary deal flow of prospective investments identified by the Advisor's investment personnel. During these calls, basic description, investment metrics and criteria are discussed to evaluate the investment opportunity in light of the Funds' investment strategies and objectives. The Advisor will consider relevant market dynamics, pricing dynamics, competitive landscape, and operational overview of a target, among other criteria.

Generally, upon execution of a contract for exclusivity, a formal due diligence period commences. The Management Team has significant experience conducting due diligence and developing underwriting models that address the primary drivers of returns and risks based on conservative assumptions. Additionally, the Advisor engages expert third-party consultants and advisors when deemed appropriate.

If an opportunity reaches the stage where the Management Team proposes to make a definitive bid or proceed with a material new project, a detailed memorandum will be prepared and presented to the applicable real estate or non-real estate investment committee based on the type of investment opportunity under consideration, for in-depth discussion. Each investment committee is permitted to conduct multiple meetings on a particular opportunity. Consensus is generally required to proceed with the opportunity. Discussions with the investment committee also define deal tactics, underwriting assumptions, and value-creation opportunities.

Risk of Loss

Risks Generally

The potential risks presented by the investment strategies pursued by the Advisor include, but are not limited to, those summarized below. The below is qualified in its entirety by, and additional information is contained in, the respective Fund Offering Documents. Investing in securities involves risk of loss that Investors should be prepared to bear. Investors should refer to the relevant Fund Offering Documents for a description of the various risks faced by the Funds in executing their investment strategies.

The Funds

The Funds involve a high degree of risk and are suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds and for which the Funds do not represent a complete investment program. There can be no assurance that the Funds' investment objectives will be achieved, that the Funds will otherwise be able to carry out their investment programs successfully, or that an Investor will receive a return of its capital. In addition, there will be occasions when, the Advisor, the Fund Managers or their respective affiliates encounter potential conflicts of interest in connection with the Funds.

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

Manager and its beneficial owners could exceed the value of the Fund Manager's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the Fund Manager contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its Investors.

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

No Assurance of Investment Return

The Advisor and/or its affiliates cannot provide any assurance whatsoever that the Funds will be able to choose, make and realize investments in any particular companies or portfolios of companies. There can be no assurance that the Funds will be able to generate returns for their Investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein or in the Fund Offering Documents. There can be no assurance that any Investor will receive any distribution from the Funds. Partial or complete sales, transfers or other dispositions of investments which have the potential to result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, an investment in a Fund should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past activities provide no assurance of future success. Past performance is not a guarantee, projection or prediction and is not necessarily indicative of future results. There can be no assurance that the Funds will be able to implement their investment strategies or achieve their investment objectives.

Role of the Advisor and its Professionals

Investors in the Funds are placing their entire investments in the discretion of, and are dependent upon the skill and experience of, the Advisor. Furthermore, the Investors will be relying on the ability of the Advisor and/or its affiliates to select the investments to be made

using the capital available to the Funds. The success of the Funds will depend in part upon the Advisor's ability to attract and retain talented professionals, the skill and expertise of the Advisor's investment professionals and, as more fully discussed below, the management of investments. The interests of certain of these professionals in the Fund Managers and/or the Funds should tend to discourage them from withdrawing from participation in the Funds' investment activities. However, there can be no assurance that such professionals will continue to be associated with the Advisor throughout the life of the Funds and a loss of the services of key personnel could impair the Advisor's ability to provide services to the Funds. Should one or more of these professionals become incapacitated or in some other way cease to participate in the Funds, the Funds' performance could be adversely affected. There is ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that the Advisor's personnel will not be solicited by and join competitors or other firms and/or that the Advisor will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. In addition, members of the investment team or investment committee of the Advisor will work on other projects. Conflicts of interest have the potential to arise in allocating management time, services or functions of the Advisor, the Fund Managers and their respective affiliates.

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

Purchase of Limited Partner Interests

If an Investor requests a Fund Manager to assist it in finding a purchaser for all or any portion of its interest in a Fund, the relevant Fund Manager and/or its designees, in the Fund Manager's sole discretion, is permitted but not required under certain Fund Offering Documents to elect to purchase all or a portion of such interest.

Illiquid and Long-Term Investments

An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. It is anticipated that there will be a significant period of time before certain Funds will have completed their investments. Many of such investments are not likely to be liquidated for years after the initial investment. Factors such as overall economic conditions, the competitive environment and the availability of potential acquirers are likely to shorten or lengthen the holding period for any particular investments by the Funds. A Fund's ability to realize an investment can be dependent on the public equity markets (e.g., demand for new public offerings and security sales) and investments in publicly traded securities are subject to restrictions under relevant securities laws (e.g., Section 16 of the Securities Exchange Act of 1934).

Increase in Market Interest Rates

If interest rates increase, so could the Funds' interest costs for new debt, including variable rate debt obligations under any credit facility or other financing. This increased cost could make the financing of any development or acquisition more costly. Rising interest rates could limit the Funds' ability to refinance existing debt when it matures or cause it to pay higher interest rates upon refinancing, which would negatively impact liquidity and profitability. In addition, an increase in interest rates could decrease the access third parties have to credit or the amount they are willing to pay for the Funds' assets.

Changes to Benchmark Rates

To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark, or reference rates, including the London Interbank Offered Rate ("LIBOR"), Secured Overnight Financing Rate ("SOFR") or other rates (each, a "Benchmark Rate"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce

the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Limited Number of Investments

The Funds expect to participate in a limited number of investments and, as a consequence, the aggregate return of the Funds have the potential to be substantially adversely affected by the unfavorable performance of even a single investment. In addition, Investors have no assurance as to the degree of diversification of the Funds' investments. To the extent the Funds concentrate investments in a particular issuer, property, industry sub-sector, security or geographic region, their investments will become more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, there are no assurances that all of the Funds' investments will perform well or even return capital. As a consequence, the aggregate return of the Funds have the potential to be adversely affected by the unfavorable performance of one or a small number of investments. Therefore, if certain investments perform unfavorably, for the Funds to achieve above-average returns, one or a few of their investments must perform exceptionally well. There are no assurances that this will be the case.

Use of Leverage

The Funds' investments are likely to include companies whose capital structures have significant leverage. The leveraged capital structure of such investments involves a higher degree of risk and increases the investment's exposure to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investment, as further described below. Borrowings by the Funds will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Funds' cost of funds and the Funds are permitted to withhold from distributions to repay such borrowings. As a general matter, the presence of leverage can accelerate losses.

Credit Market Risk

Conditions in the credit markets have the potential to have a significant impact on the business of the Funds. The credit markets have experienced a variety of difficulties and changed economic conditions in recent years that have adversely affected the performance and market value of many securities and financial instruments. There can be no assurance that the Funds will not suffer material adverse effects from broad and rapid changes in market conditions in the future. Among other things, the level of investment opportunities has the potential to decline from the Fund Managers' current expectations. As a result, fewer investment opportunities may be available to the Funds, although if credit markets remain

constrained, the Funds could have the opportunity to take larger positions in potential transactions. One possible consequence is that the Funds may take a larger than anticipated period to invest its available capital, as a result of which, at least for some period of time, the Funds' investment portfolio has the potential to be relatively concentrated in a limited number of investments. Consequently, during this period, the returns realized by Investors are likely to be materially adversely affected by the unfavorable performance of a small number of these investments.

Uncertainty of Financial Projections

The Fund Managers will generally establish the pricing of transactions and the capital structure of investments on the basis of financial projections for such investments. Projections, target returns, forecasts and estimates are inherently uncertain and are subject to numerous business, industry, market, regulatory, competitive and financial risks that are outside of the Fund Managers' or their respective affiliates' control. Estimated operating results will typically be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the assumptions will be accurate or that the estimated results will be obtained, and actual results have the potential to vary significantly from the projections. General economic, political and market conditions, which are difficult to predict, can have a material adverse impact on the reliability of such projections. Other participants in the industry could disagree with the feasibility of projections and potential investors should make their own determinations about the prospects for the Funds.

Market Conditions

The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) have the potential to have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007, the downgrading of the credit rating of the United States in 2011, or recent high levels of inflation in 2022 and 2023, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and

investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of their portfolio company investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds are not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the Fund Managers believe reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds' ability to raise funding to support its investment objective.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments

The recent deterioration of the global credit markets, in connection with the COVID-19 pandemic, has made it more difficult for the Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Funds' ability to generate attractive investment returns will be adversely affected to the extent the Funds are unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Funds to realize their investments at favorable times or for favorable prices.

Inflation and Deflation

Inflation risk is the risk that the value of certain investments or income thereon will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Funds' investments can decline. Deflation risk is the risk that prices decline over time – the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of portfolio companies in which a Fund invests and has the potential to make defaults more likely, which may result in a decline in the value of a Fund's investments.

In recent years, multiple world governments, as well as inter-governmental institutions, have undertaken various forms of fiscal stimulus measures, including setting interest rates that are at historic lows and undertaking, so called "quantitative easing." Such stimuli, unless successfully managed and scaled back at the appropriate time, may be inflationary. In addition, there is significant concern in macroeconomic terms about the levels of indebtedness carried by certain governments. While bringing with it a range of issues, one

of the consequences of an extended period of a higher-than-desired level of inflation, is often to erode in real terms the value of government debt. This element of debt erosion may create an incentive for governments to be less robust in seeking to deal with inflation than might otherwise have been the case had the government concerned not suffered from a high level of indebtedness. If such inflation occurs, it would have the negative consequences for the Funds.

Uncertain Economic, Social and Political Environment

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts or wars, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings upon disposition. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

Financial Institution Risk; Distress Events

An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, the Advisor, any Fund Manager, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an extended period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk

of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Advisor to manage the Funds and their investments, and on the ability of the Advisor, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include a loss of funds; an obligation to pay fees and expenses in the event the Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise), the inability of a Fund to acquire or dispose of investments, including at prices that the relevant Fund Manager believes reflect the fair value of such investments and/or the inability of the Advisor or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that the Advisor will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that the Advisor will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that the Advisor and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the Advisor seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Advisor is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Geopolitical Risks

Geopolitical risks, including those arising from trade tension and/or the imposition of trade tariffs, terrorist activity or acts of civil or international hostility, and military conflict, including the war in Ukraine, could result in geopolitical instability and adversely affect the global economy or specific markets. Similarly, other events outside of the Advisor's control, including natural disasters, climate change-related events, pandemics (such as the COVID-19 pandemic) or health crises may arise and be accompanied by governmental actions that may increase international tension. Any such events and responses, including regulatory developments, may cause significant volatility and declines in the global markets, disproportionate impacts to certain industries or sectors, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage, and may adversely affect the global economy or capital markets, as well as a Fund's and/or its investment's operations, Investors, service providers and personnel of the Advisor. A Fund's exposure to geopolitical risks may be heightened to the extent such risks arise in countries in which the Fund currently operates or invests.

Sanctioned Investors

If after subscribing to a Fund an Investor is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") or equivalent non-U.S. authorities) (a "Sanctions List"), the relevant Fund Manager will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant Investor and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund's activities, could materially and adversely affect the Funds.

Significant Developments Stemming from the U.S. Administration

With each new U.S. administration, it can often be expected that the new administration will seek to change certain policies put forth by the former administration, especially when the incoming and outgoing administrations are affiliated with different political parties. Changes in federal policy, including tax policies, and at regulatory agencies occur over time through policy and personnel changes following elections, which lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. The nature, timing, and economic effects of potential changes to the current legal and regulatory framework affecting financial institutions under differing administrations are often uncertain. None of Blue Water or the Funds or their respective affiliates can predict the ultimate impact of a new administration on the Funds or their portfolio investments, and

as such changes could also have an adverse impact on the Funds and their investment objectives.

If a new administration takes actions to re-enter, withdraw from, or materially modify any international trade agreements, to implement greater restrictions on free trade, and/or to increase tariffs or duties other countries may respond to such actions with similar actions (e.g., by imposing tariffs on U.S. imports), thereby affecting (potentially adversely) the business, financial condition, and performance of certain of the Fund's portfolio companies. Blue Water also cannot predict how other countries will respond to a new administration's actions. For example, Blue Water is unable to predict whether legislation or regulations that would have adverse impacts on the Funds or their investments may be passed in other jurisdictions in response or related to any measures that may be imposed by a changing presidential administration, including the imposition of tariffs on U.S. goods imported into such jurisdictions, increased inspections on U.S. companies, delays on approvals for mergers and acquisitions involving U.S. companies, preferential treatment of non-U.S. companies, media campaigns against U.S. companies and/or goods, and delays on license approvals in such jurisdictions.

Moreover, changes in U.S. social, political, regulatory, and economic conditions or in laws and policies governing foreign trade, manufacturing, outsourcing development, and investment in other countries with which its portfolio companies may do business, and any negative sentiments towards the United States as a result of such changes, could adversely affect the performance of the Funds' investments. Such changes could result in potential changes in laws, regulations and policies affecting the private equity industry, which could negatively impact the performance of the Fund's investments as discussed throughout. The likelihood of occurrence and the effect of any such change is highly uncertain and could have an adverse impact on the Funds and the Funds' investments. In addition, negative sentiments towards the United States among non-U.S. customers and among non-U.S. employees or prospective employees could adversely affect sales or hiring and retention, respectively, in portfolio companies.

International Conflicts

Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing war between Russia and the Ukraine have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any

particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

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

Material Non-Public Information

As a result of the operations of Blue Water and its affiliates, Blue Water frequently comes into possession of confidential or material, non-public information. Therefore, Blue Water and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, such Fund will be restricted in such circumstances from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Blue Water's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Investments in Less Established Companies

The Funds may invest a portion of their assets in the securities of less established companies and family-owned companies. Investments in such early-stage or family-owned companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies and family-owned companies tend to have lower capitalizations and fewer resources, and therefore, are often more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In addition, less mature and family-owned companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices.

Additional Capital; Requirements of Portfolio Companies

Certain of the Funds' investments, especially those in a development or "platform" phase, may be expected to require additional financing to satisfy their working capital requirements or acquisition or development strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the Funds. In addition, the Funds may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company to preserve the Funds' proportionate ownership when a subsequent financing is planned, or to protect the Funds' investment when such investment's performance does not meet expectations. To the extent a portfolio company in which the Funds have invested receives additional funding in subsequent financings and the Funds do not participate in such additional financing rounds, the interests of the Funds in such portfolio company would be diluted. The availability of capital is generally a function of market conditions that are beyond the control of the Funds or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. In the case of investments involving a "platform company," the Funds may enter into an arrangement with one or more individuals (who may have experience or capability in sourcing and/or managing investments) to undertake a build-up, acquisition and/or development strategy. The counterpart individuals may be compensated with a salary, equity incentive plan and/or other arrangements. In such circumstances, typically the Funds would initially invest capital to fund a portion of the overhead (including rent, salary or retainers for the counterpart individuals) and sourcing costs for initial investments by the platform. Although the Fund Managers and their respective affiliates are generally responsible under the Fund Offering Documents for certain overhead expenses and compensation costs of investment professionals, the Funds (and indirectly Investors, and not solely the Fund Managers and their respective affiliates) will bear the cost of overhead and the sourcing of investments, as well as compensation for the related counterparties, for any such platform companies.

Due Diligence of and Conduct at Portfolio Companies

Before making investments, the Fund Managers and/or the Advisor will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence will entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties

will in certain cases be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present risks primarily relating to the Fund Managers' reduced control of the functions that are outsourced. In addition, if the Fund Managers and/or the Advisor are unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, the Fund Managers and/or the Advisor will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that a Fund Manager and/or the Advisor carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. There can be no assurance that attempts to provide downside protection with respect to investments, including those pursuant to risk management procedures and environmental, social and governance ("ESG") guidelines that may be considered in connection with the due diligence of any investment opportunity, will achieve their desired effect and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk.

Non-Controlling Investments; Investments with Third Parties

The Funds are permitted to hold a non-controlling interest in certain investments and, therefore, may have a limited ability to protect their position in such investments, although as a condition of investment, it is expected that appropriate rights generally will be sought to protect the Funds' interests. There can be no assurance that such rights will be available or that such rights will provide sufficient protection of the Funds' rights. In such cases, the Funds will typically be significantly reliant on the existing management, board of directors and other equity holders of such investments, who may not be affiliated with the Funds and whose interests may conflict with the interests of the Funds.

The Funds may co-invest with third parties through consortiums of private equity investors, funds, joint ventures or other similar arrangements. Such investments will involve risks in connection with such third-party involvement, including the possibility that a third-party partner or co-venturer may have financial, legal or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives (including, without limitation, the Funds' ability to dispose of an investment held through such joint venture), or the increased possibility of default by, diminished liquidity or insolvency of, the third party. In addition, the Funds may in certain circumstances be liable for the actions of their third-party partners or co-venturers. Furthermore, if a co-venturer defaults on its funding obligations, the Funds

may be required to make up the shortfall. Investments made with third parties through consortiums of private equity investors, funds, joint ventures or other similar arrangements may involve incentive compensation and/or other fees payable to such third-party partners or co-venturer.

Furthermore, under certain joint venture arrangements, neither the Funds nor their co-venturer will be in a position to unilaterally control the joint venture, and deadlocks may occur. Such deadlocks could adversely impact the operations and profitability of the joint venture, including, as a result of, the inability of the joint venture to act quickly in connection with a potential acquisition or disposition. The terms of a joint venture arrangement may enable the Funds' co-venturer to transfer its interests in such joint venture to a third party without the Funds', the Fund Managers' or their affiliates' consent, in which case the Funds could be joint venture partners with a third-party manager with respect to which it does not have a pre-existing relationship. In such situations, it could be significantly more difficult for the Funds to implement their investment objectives with respect to any of their investments held through such joint ventures.

The Funds' participation in investments in which a joint venture participates may be less than what the Funds' participation would have been had such other vehicle not participated, and because there may be no limit on the amount of capital that a co-venturer can invest, the degree of the Funds' participation in such investments may decrease over time.

Joint Venture Partners

To the extent a Fund is expected to enter into investment arrangements with certain third party operators and joint venture partners, such third parties may not be bound to consummate any such investment arrangement or relationship. To the extent such contemplated arrangements are not ultimately achieved, certain objectives and financial projections relied upon in formulating a Fund's investment program may be negatively affected. Some of the third-party operators and joint venture partners with whom a general partner may elect to co-invest a Fund's capital have preexisting investments with Blue Water. The terms of these preexisting investments may differ from the terms upon which a Fund invests with such operators and partners. Investments made with joint venture partners will involve performance-based compensation and/or other fees payable to such joint venture partners (as determined by the relevant general partner in its sole discretion) by the joint vehicle or investment, which will reduce the actual returns realized by Investors on their investments in a Fund. To the extent a dispute arises between Blue Water and such operators and partners, a Fund's investments relating thereto may be affected.

Cyber Security Breaches and Identity Theft

Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The Fund Managers', the Funds', the portfolio companies' and their respective service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses or other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete, or modify private and sensitive information. Third parties, including activist, criminal, nation-state, or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. Although the Fund Managers have implemented, and portfolio companies and service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly, or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Fund Managers', the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality, integrity, availability, or privacy of sensitive data, including personal information relating to Investors (and their beneficial owners) and the intellectual property and trade secrets of the Advisor, its affiliates, the Funds and/or the portfolio companies. The Advisor, its affiliates, the Funds and/or any portfolio company could be required to make a significant investment to remedy the effects of any such failures, which may harm their reputations, subject them and their respective affiliates to legal claims, regulatory inquiry or action, and adverse publicity and otherwise affect their business and financial performance.

Technology Changes

The industries that a portfolio company engages in may experience significant changes in technology. It is possible that future shifts in technology would render a portfolio company obsolete, leaving them without a ready market for their solutions and services.

Artificial Intelligence and Machine Learning Developments.

Recent technological advances in artificial intelligence and machine learning technology (collectively, “Machine Learning Technology”), including OpenAI’s release of its ChatGPT application, pose risks to the Advisor, the Funds and their portfolio companies. While the Advisor could utilize Machine Learning Technology in connection with its business activities, including investment activities, the Advisor intends to periodically evaluate and/or adjust internal policies governing use of Machine Learning Technology by its personnel. Notwithstanding any such policies, the Advisor personnel, senior executives and other associated persons of the Advisor or any affiliates of the Advisor could, unbeknownst to the Advisor, utilize Machine Learning Technology in contravention of such policies. The Advisor, the Funds and their portfolio companies could be further exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties, whether or not known to the Advisor, also use Machine Learning Technology in their business activities. The Advisor does not expect to be in a position to control the use of Machine Learning Technology in third-party products or services, including those provided by the Advisor’s and its affiliates’ service providers.

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

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

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

Public Health Emergencies; COVID-19

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

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

The spread of COVID-19 among Blue Water's personnel and its service providers would also significantly affect the Fund Managers' and/or Blue Water's ability to properly oversee the

affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Fund's investment activities or operations.

Contingent Liabilities on Disposition of Investments

In connection with the disposition of an investment, the Funds may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The Funds may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. These arrangements may result in the incurrence of contingent liabilities for which the Funds may establish reserves or escrows to fund the Funds' obligations, including indemnity obligations, subject to certain limitations set forth in the Fund Offering Documents. In addition, the Funds may sell investments in public offerings. Such offerings can give rise to liability if the disclosure relating to such sales proves to be inaccurate or incomplete.

Environmental Risk

Environmental laws, regulations and regulatory initiatives play a significant role in the industries in which the portfolio companies and their customers operate and can have a substantial impact on investments in these industries. Such industries may continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations and special interest groups. New and more stringent laws, regulations and requirements or stricter interpretations of current laws, regulations or requirements could impose substantial additional costs on portfolio companies, including delays as the waiting periods to receive permits and other regulatory approvals may also become longer. Additionally, compliance with current or future environmental requirements does not ensure that the operations of the portfolio companies will not cause injury to the environment or to people under all circumstances or that the portfolio companies will not be required to incur additional unforeseen liabilities or environmental expenditures. Moreover, failure to comply with any such requirements could have a material adverse effect on a portfolio company, and there can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations and requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims. Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the equity owners of funds (such as the Funds) subject to environmental liability. However, an Investor may mitigate its risk of such personal liability by avoiding activities with respect to the Funds' investment activities other than as specifically contemplated by the Fund Offering Documents.

It is also possible that such oversight and influence will reduce over the course of a Fund's term. Any decrease with respect to environmental oversight would likely increase competition within the industry, which could also adversely affect the business of the Funds and impede the Funds' ability to effectively achieve its investment objective.

Catastrophe Risk

The operations of the portfolio companies are subject to many hazards inherent in the transporting, processing, storing, distributing, mining, or marketing of natural materials. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in the curtailment or suspension of their related operations. There can be no assurance that the portfolio companies will be fully insured against all risks inherent to their businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect a portfolio company's operations and financial condition.

General Economic and Market Conditions

The Funds' investment strategies and the availability of opportunities satisfying the Funds' risk-adjusted return parameters rely in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made, or the beliefs and expectations currently held, by a Fund Manager will prove correct and actual events and circumstances may vary significantly. The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations). A sustained downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets could adversely affect the Funds' profitability, impede the ability of the Funds' investments to perform under or refinance their existing obligations, and impair the Funds' ability to effectively exit portfolio investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure. The Advisor and/or its affiliates could also be affected by difficult conditions in the capital markets and any overall weakening of the financial services industry. Any market turmoil, coupled with the threat of an economic slow-down, as well as a perceived increase in counterparty default risk, may have an adverse impact on the availability of credit to

businesses generally, which in turn may adversely affect or restrict the ability of the Funds to sell or liquidate investments at favorable times or at favorable prices or which otherwise may have an adverse impact on the business and operations of the Funds.

Investors should refer to the Fund Offering Documents for a more extensive description of the various risks faced by the Funds in executing its investment strategy.

Misconduct of Personnel or Third-Party Service Providers

Certain of the Funds' and/or the Advisor's operations interface with and/or depend on third parties, including the Funds' service providers, and the Funds, the Advisor or the Fund Managers may not be in a position to verify the risks or reliability of such third parties. In addition, there have been highly publicized cases involving fraud or other misconduct by personnel in the financial services industry in recent years, and there is a risk that personnel misconduct could occur with respect to the Advisor, the Funds or the Fund Managers. The Funds may suffer adverse consequences from actions, errors or failure to act by such third parties and/or personnel, and in certain cases will have obligations, including indemnity obligations, and limited recourse against them. Such misconduct could include, among other things, binding the Funds to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), or otherwise charging (or seeking to charge) inappropriate expenses to the Funds. In addition, personnel and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects or future activities. Furthermore, because of the Advisor's businesses and the regulatory regimes under which it operates, misdeeds by the Advisor, the Funds or the Fund Managers (or their personnel or service providers) may limit a Fund's ability to conduct its activities in the manner otherwise intended. It is not always possible to deter misconduct by personnel or service providers, and the precautions that the Advisor and/or its affiliates take to detect and prevent this activity may not be effective in all cases. Moreover, due to a variety of factors, there can be no assurances that the Funds or Advisor will be able to engage and/or retain one or more of its preferred service providers (or any service providers of one or more particular types).

Regulatory Approvals/Consents

The Funds may not receive the initial regulatory approval or license needed to acquire, dispose or otherwise operate an investment, including after substantial costs have been incurred pursuing such investment. Additional or unanticipated regulatory approvals, including, without limitation, renewals, extensions, transfers, assignments, reissuances, or similar actions, may be required to acquire or operate assets, and additional approvals may become applicable in the future due to a change in laws and regulations, a change in the

portfolio company's customer(s) or for other reasons. Furthermore, permits or special rulings may be required on taxation, financial, and regulatory related issues. There can be no assurance that a portfolio company will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future, (ii) obtain any necessary modifications to existing regulatory approvals, or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility or sales to third parties or could result in additional costs to a portfolio company and the Funds.

A portfolio company's operations may rely on government licenses, concessions, leases, or contracts that are generally complex and may result in a dispute over interpretation or enforceability. Even though most permits and licenses are obtained at the initial stages of an investment, many of these licenses and permits are required to be maintained over the project's life. If a portfolio company fails to comply with these regulations or contractual obligations, it could be subject to monetary penalties or the Funds could lose their right to operate the affected portfolio company, or both.

Governments and other regulators may impose conditions on the operations and activities of portfolio companies as a condition to granting its approval or to satisfy regulatory requirements. These conditions, which may be statutory in nature or may be tailored to a particular project or asset, may limit or provide a disincentive for portfolio companies to invest in competing industries or to acquire anticompetitive market power in a particular market. The relevant governmental agency may impose conditions of ongoing ownership or equivalent restrictions on the Funds in respect of the underlying assets. This may include a requirement and/or restrictions that may limit the ability of the Funds to dispose of investments at opportune times or require that such assets remain managed by the Advisor.

U.S. Taxation of Carried Interest

U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its Fund Manager, or Blue Water who were or may in the future be granted direct or

indirect interests in carried interest, which could make it more difficult for the relevant Fund Manager and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. In addition, this greater-than-three-year holding period requirement for long-term capital gains treatment in respect of carried interest may create the potential for conflicts of interest between the Fund Managers and Investors. For example, a Fund Manager may cause a Fund to borrow more frequently, in greater amounts, or for longer periods; hold a portfolio company for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist; or waive or defer the distribution or allocation of carried interest to the Fund Managers, potentially changing the character or amount of income allocated to Investors.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes

There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Funds' efforts to structure, consummate and/or exit the Funds' investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting the investments than it otherwise would have. Moreover, any such enhancement of scrutiny or increase in regulation may adversely impact a Fund's activities (including a Fund's ability to implement portfolio company operating improvements, comply with applicable law and regulation in a manner not materially more burdensome than currently anticipated, or otherwise execute its investment strategy or achieve its investment objectives).

Additionally, the SEC has proposed and enacted significant rules that will impact the business of the Advisor and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact the Advisor, the Funds and/or their investments. In addition, the Funds are expected to bear increased and significant costs as a result of such enacted and proposed rules, including costs related to

Investor reporting and disclosures to investors. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. In addition, following the applicable compliance date, such regulations will require Fund Managers to disclose to prospective investors and/or Investors certain preferential investment terms that the Fund Managers provide to any Investor in connection with their investment in a Fund, which could provide an incentive for the Fund Managers to deny certain preferential terms to Investors. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, Investors will not be afforded some or all of the protections provided by such rules.

Risks in Effecting Operating Improvements

The success of the Funds' investment strategies is likely to depend, in part, on the ability of the Funds to effect improvements in the operations of certain portfolio companies. Identifying and implementing operational improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key portfolio company personnel and disrupt normal business. There can be no assurance that the Funds will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to such portfolio company.

Investments in Privately-Held Companies

Certain Funds' investment portfolios are expected to include investments in portfolio companies that are privately held. Privately held companies generally have less comprehensive financial information available than publicly-held companies. Therefore, the Fund Managers are expected to make investment decisions, and monitor such investments, after reviewing information that is less comprehensive than that available to an investor in a publicly-held company. Investments in instruments issued by privately-held companies are generally riskier than in publicly-held companies as privately-held companies are often smaller, more vulnerable to changes in markets and technology and dependent on the skills and commitment of a small management team and as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations.

Prior to a Fund making an investment, the Fund Managers will seek to complete a thorough due diligence, which will typically include a due diligence of the relevant portfolio company's compliance with statutory, regulatory or other legal requirements. However, the Fund Manager can give no assurance that the portfolio company is, and will continue to be, fully compliant with all necessary laws and regulations. Additionally, privately-held companies

are not regulated by equivalent levels of disclosure and investment protection regulations that apply to publicly-held companies.

As a result of the foregoing, investments in privately-held companies generally involve a higher degree of business and financial risk as compared to investments in publicly-held companies, which can result in substantial losses, including the loss of an Investor's entire investment in a Fund.

Investments in Publicly-Held Companies

The Funds' investment portfolios are permitted to include investments in portfolio companies that are publicly-held. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times or to influence management, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, increased costs and greater liabilities (including liabilities in connection with the failure to comply with any law, rule or regulation applicable to such companies) associated with each of the aforementioned risks.

Need for Follow-On Investments

Following its initial investment in a given portfolio company, a Fund is permitted to decide to provide additional funds to such portfolio company or consider the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Funds will make follow on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Funds to increase its participation in a successful portfolio company or the dilution of a Funds' ownership in a portfolio company if a third party invests in such portfolio company.

Restricted Nature of Investment Positions

Generally, there will be no readily available market for Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to Investors and it may be difficult to liquidate the securities received at a price or

within a time period that is determined to be ideal by such Investors. If a distribution in kind of securities is made to Investors, such Investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Partners may be lower than the value of such securities determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

Control Person Liability

Certain Funds are expected to have controlling interests in a number of portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, cartel and/or antitrust issues, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including sanctions and securities laws and regulations) and other types of liability, for which the limited liability generally afforded to Investors may be ignored. In particular, if determined to be a direct owner or operator of any of a portfolio company's facilities or operations, a Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related costs. If any such liabilities were to arise, a Fund may suffer significant losses. While the General Partner intends to manage a Fund in a manner that will minimize the exposure of such risks, the possibility of successful claims against a Fund or for which such Fund otherwise may be liable cannot be precluded.

Director Liability

Certain Funds are permitted to seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which they invest. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately a Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

Valuation Risk

Certain Funds are likely to hold equity instruments or other financial instruments or obligations that are very thinly traded, for which no market exists or that are restricted as to their transferability under applicable contracts or securities laws. These investments may be extremely difficult to value accurately. The process of valuing instruments for which

reliable market quotations are not available is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such instruments, from values placed on such instruments by other investors and from prices at which such instruments may ultimately be sold. Further, a Fund is permitted to hold investments that are large in size or that represent a large proportion (or even all) of the total debt facility outstanding; therefore, the value that could be realized by liquidating such an investment may differ, sometimes significantly, from its latest valuation. In addition, third party pricing information may at times not be available for a Fund's investments or may otherwise be inaccurate. Because of overall size or concentration in particular markets of positions held by a Fund, the value of its investments which can be liquidated may differ, sometimes significantly, from their valuations. Certain investments to be held by a Fund may trade with significant bid-ask spreads and, as a result, a Fund is permitted to sell or buy investments at a price that overvalues the asset such that a Fund's business, financial condition, results of operations and/or the value of Fund interests may be materially adversely affected.

Performance information of such Funds, which may hold substantial amounts of illiquid or hard-to-value assets, is therefore dependent upon the valuation procedures of Blue Water, and such values may not ultimately be realized.

Unfunded Pension Liabilities of Investments

In at least one circuit, a United States court found that, in certain circumstances, an investment fund could be treated as a "trade or business" for purposes of determining pension liability under ERISA. Therefore, where an investment fund owns 80% or more (or possibly, under certain circumstances, less than 80%) of an investment, such fund (and any other 80%-owned investee companies of such fund) might be found liable for certain pension liabilities of such an investment to the extent the investment is unable to satisfy such liabilities. Funds are permitted to invest in an investment that has unfunded pension fund liabilities, including structuring the investment in a manner where it owns an 80% or greater interest in such an investment. If such Fund (or other 80%-owned portfolio companies) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such Fund and the companies in which it invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under ERISA as in effect as of the date hereof, which may change in the future as the case law and guidance develops.

Equity Securities

Certain Funds are permitted to invest in equity or equity-like instruments. The value of equity instruments held by a Fund has the potential to be adversely affected by actual or perceived negative events relating to a portfolio company, the industry or geographic areas

in which such portfolio company operates or the financial markets generally. Equity instruments are expected to be particularly susceptible to such events given their subordinate position in a portfolio company's capital structure. Equity securities are expected to be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investments once made.

Debt Investments

Blue Water, on behalf of certain Funds, is permitted to originate loans to, or purchase the assignment of or participations in loans made to, public and private companies. Such investments may include (i) secured debt assets that may be senior or junior, and may be collateralized by a variety of assets, including secured loans (both asset-based and cash flow loans) for working capital, refinancing, acquisitions, bridge capital, restructuring, recapitalization, exit financings and debtor-in possession financing, (ii) first priority, senior secured debt assets, which may include loans offered at lesser borrower leverage levels and commensurately reduced target yields and (iii) junior, unsecured and/or high yield debt assets. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including, investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions. Debt investments involve different and additional risks than investments in equity, including credit risk, interest rate risk, subordination risk and other risks. Moreover, different types of debt instruments involve different types of risk. For example, investments in bank debt involve certain unique risks, including, without limitation: (a) the possible invalidation of an investment transaction as a fraudulent conveyance under the applicable creditors' rights laws; (b) so-called lender liability claims by the issuer of the obligations; (c) environmental and/or other liabilities that may arise with respect to collateral securing the obligations; (d) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; and (e) limitations on the ability of a Fund to directly enforce its rights with respect to bank participations.

Certain debt instruments that a Fund may invest in may be or become non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in or enter bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to any such debt instruments. Further, loans may become non-performing for a variety of reasons and borrowers on loans constituting a Fund's assets

may seek the protection afforded by bankruptcy, insolvency and other debtor relief laws. Upon a bankruptcy filing in a U.S. Bankruptcy Court by an issuer of debt, the Bankruptcy Code imposes an automatic stay on payments of its pre-petition debt. Other protections in such proceedings may include forgiveness of debt, the ability to create super-priority liens in favor of certain creditors of the debtor and certain well-defined claims procedures. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. Insolvency laws may, in certain jurisdictions, result in a restructuring of the debt without the Fund's consent under the "cramdown" provisions of applicable insolvency laws and may also result in a discharge of all or part of the debt without payment to a Fund. If an issuer were to file for Chapter 11 reorganization, the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are "fair and equitable" to the class and certain other conditions are met.

Risks Pertaining to Investments in the Aggregates Industry

Aggregates Investment Risks Generally

Investing in any sector or market involves various types of risk. While the aggregates sector may be characterized by its relatively stable cash flows resulting from its protected market position and high barriers to entry, increased competition for investments in the aggregates industry may lead a Fund to invest in investment opportunities with higher levels of risk. There can be no assurance that the Advisor and/or its affiliates will have the necessary experience to manage those risks (risk to cash flows) or that a Fund will be adequately compensated for taking those risks (risk to valuation of cash flows). In addition, assets, businesses and projects in the aggregates sector may involve a significant impact on local communities and the surrounding environment. This could expose such investments and a Fund to a variety of legal risks including, but not limited to, legal action from special interest groups, including legal action seeking to impede particular projects to which they are opposed.

Dependence on Construction Industry

Substantially all of certain Funds' returns, and a material portion of other Funds' returns, are expected to be derived, directly or indirectly, from the construction industry. Construction activity and spending levels vary across markets and are influenced by interest rates, inflation, consumer spending habits, demographic shifts, environmental laws and regulations, employment levels, and the availability of funds for public infrastructure projects. In addition, commercial and residential construction levels generally move with local and national economic cycles. Weakness in the U.S. or global economy could cause (i)

commercial and residential construction to weaken, or (ii) local and federal governments to divest funds from infrastructure projects, in which case the returns of the Funds may be adversely affected. In addition, because portfolio companies' products will be used in the construction industry and its production and distribution facilities will be located outdoors, adverse weather, including periods of cold weather and heavy or sustained precipitation, would affect both its ability to produce and distribute its products and short-term demand for these products, because the work of its customers would also be hampered by weather.

Industry Growth and Competitive Risks

Certain industries, such as the construction aggregates industry, are highly fragmented with a large number of independent local producers in a number of key markets. In most markets, portfolio companies in these industries will also compete against large private and public companies, some of which are significantly vertically integrated. Therefore, there is intense competition in markets in which the portfolio companies will operate. In addition, the expansion of a portfolio company's business may be dependent on the portfolio company's ability to acquire and successfully integrate existing businesses (e.g., business that own or control aggregates reserves). Increased competition and/or disruptions in the availability of financing could make it more difficult to consummate potential acquisitions, and there can be no assurances that a portfolio company will be able to successfully integrate these businesses with its existing operations. Significant competition could also lead to lower prices and lower sales volumes, negatively affecting the earnings and cash flows of the portfolio companies, and therefore the returns of the Funds. Moreover, with respect to aggregates investments, the competitive landscape is further exacerbated by the increasing use of recycled concrete and asphalt in markets, particularly urban markets, as a substitute for aggregates. The use of recycled concrete and asphalt mix could cause a significant reduction in the demand for aggregates. There can be no assurance that any or all such risks can be mitigated.

Production and Distribution Risks

In the production and distribution processes, a Fund's investments may be subject to a variety of technical and other unanticipated risks which could adversely affect operations of any portfolio company. It is expected that the Funds' portfolio companies will consume significant amounts of electricity, diesel fuel, liquid asphalt and/or other petroleum-based resources, the availability and pricing of which are subject to market forces that are beyond the Funds' control. In addition, the portfolio companies may experience mechanical breakdown, parts shortages, failures to perform according to design specifications, as well as inclement weather, including hurricanes, tornadoes and other weather events, which can negatively impact the production and distribution processes. Furthermore, because certain portfolio companies' products are distributed either by truck to local markets or by rail,

barge or oceangoing vessel to remote markets, the costs of transporting the products could be negatively affected by factors outside of the Funds' control, including rail service or waterway interruptions or rate increases, tariffs, rising fuel costs, capacity constraints and weather conditions. In addition, because portfolio companies' products (e.g., construction aggregates) are often bulky and heavy, it is often difficult to transport efficiently and, as a result, the freight costs of transporting products can quickly surpass the production costs. Therefore, in the case of aggregates investments, except for geographic regions that do not possess commercially viable deposits of aggregates and are served by rail, barge or ship, the markets for the products tend to be localized around a portfolio company's quarry sites and are served by truck. New quarry sites often take years to develop; therefore, a portfolio company's ability to accurately forecast future demand is crucial to its strategic planning and new site development initiatives. Additionally, in urban and suburban areas in which the portfolio companies may operate, it is increasingly difficult to permit new sites or expand existing sites due to community resistance. Therefore, the future success is dependent, in part, on a portfolio company's ability to accurately forecast future areas of high growth in order to locate optimal facility sites and on the applicable Fund's ability to secure operating and environmental permits to operate at those sites.

Zoning, Siting and Permitting Risks

The process of zoning, permitting and siting a property or asset, such as a quarry, is typically long, burdensome, and costly. Zoning and permitting processes require approval from various regulators. For example, in the U.S., quarry operators must obtain permits and approvals from various federal, state, and local agencies, including but not limited to, the Army Corps of Engineers, the Environmental Protection Agency, the Department of Labor, the Department of Homeland Security, the United States Treasury Department, state agencies that regulate air and water quality, and local land use approval authorities. Before a quarry can be developed or expanded, the extraction site must meet all requirements for the necessary permits, which vary depending on where the quarry site is located. In addition, zoning, siting and permitting processes often face local opposition and may be challenged by a number of parties, including non-governmental organizations and special interest groups based on alleged security concerns, disturbances to natural habitats for wildlife and adverse aesthetic impacts. Beyond the time-consuming process of applying for the necessary permits, quarry operators must undergo public hearings at which local communities will decide whether or not to grant the proper land use designations. Highly motivated citizens in many local communities often oppose plans to develop new quarries or to expand existing quarries, in many cases demonstrating the "Not in My Backyard" phenomenon. Such factors make it difficult to develop new sites and to expand existing operations. The failure of any investment to receive, renew or maintain any required permits or approvals or any inability

to satisfy any requirement of any permits or approvals may result in increased compliance costs, the need for additional capital expenditures or a suspension of project operations.

Furthermore, construction and other aggregates-intensive projects are also often subject to zoning, siting, permitting and other requirements and governmental and/or public scrutiny. Such factors may cause delays or suspensions of such projects, which may have the effect of delaying the delivery of, or terminating the order for, products to such projects and thereby result in increased inventories, delayed receipt of payments from purchasers and other consequences. Furthermore, such factors may incentivize a seller or operator to accept engagements for more predictable projects over other projects that may provide for greater profit but less certainty as to the timing or probability of execution.

Ground Lease Investments

The Funds are permitted to invest in investments involving assets that are subject to ground leases. As a lessee under a ground lease, the Funds may be exposed to the possibility of losing the asset upon termination, or an earlier breach by the Funds, of the ground lease, which may adversely impact the Funds' investment performance. Furthermore, ground leases generally provide for certain provisions that limit the ability to sell certain assets subject to the lease. In order to assign or transfer rights and obligations under certain ground leases, the Funds will generally need to obtain consent of the lessor of such asset, which, in turn, could adversely impact the price realized from any such sale.

Risks Pertaining to Investments in Real Estate

Real Estate Risks Generally

Fund property holdings will be subject to the risks incidental to the ownership and operation of real estate and real estate-related businesses and assets, including changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of tenants, buyers and sellers of properties, changes in operating costs and expenses, uninsured losses or delays from casualties or condemnation, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, interest rate levels, environmental liabilities, contingent liabilities, successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property), acts of God, acts of war (declared or undeclared), terrorist acts, work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-

related factors and other factors beyond the control of a Fund Manager, the Fund, the operating partner and their respective affiliates.

Some or all of the Funds' investments may be subject to the risks inherent in the ownership and operation of assets or businesses which derive a substantial amount of their value from real estate and real estate-related interests. These types of underlying interests are typically illiquid. Deterioration of real estate fundamentals will likely negatively impact the performance of such investments. Such changes in fundamentals could involve fluctuations as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in environmental and zoning laws, casualty or condemnation losses, environmental liability, the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, natural disasters, increase in interest rates and other factors that are beyond the control of the Advisor. Additionally, the Funds may acquire assets in jurisdictions where indigenous rights (e.g., with respect to tribes or other dispossessed people/communities) to land exist. While the Funds will generally conduct due diligence in such jurisdictions to determine the extent to which it may be affected by such rights, it may not be possible to mitigate against or remove a risk associated with indigenous claims. Additionally, any declaration of title in respect of government protected land on which assets are located may negatively affect the operation of those businesses.

Equity Ownership of Real Estate

A real estate Fund's equity interests in properties will be subordinated to both general and secured creditors of the asset. This subordination could increase such Fund's risk of loss. Moreover, acquisition of equity interests involves certain risks not present in real property loans. For example, to the extent there are other equity owners of an asset, there is the possibility that such other equity owners may have economic or business interests or goals which are inconsistent with those of the Fund.

Risks Involved in Leases

The financial failure of, or other default by, tenants under their leases is likely to cause a significant, if not complete, reduction in the operating cash flow generated by the portion of a property leased to such tenants and would likely decrease the value of that property. Properties will be materially dependent on the financial stability of these tenants. Lease payment defaults by tenants will negatively impact a property's net income and potentially reduce the value of a Fund's investment. In addition, the bankruptcy of a tenant could cause the loss of lease payments, an increase in the costs incurred to carry the property and related assets, or a rejection of the lease itself. Certain leases contain exclusivity provisions that will limit a Fund's ability to lease portions of the properties to competitors of certain existing

tenants. Inability to lease a portion of a property to certain potential tenants may negatively impact a property's net income and potentially reduce the value of such investment.

Impact of Government Regulations.

Government authorities at all levels are actively involved in the regulation of land use and zoning, environmental protection and safety and other matters affecting the ownership, use and operation of real property. Regulations may be promulgated that could restrict or curtail certain usages of existing structures, or require that such structures be renovated or altered in some manner. The promulgation and enforcement of such regulations could increase expenses, and lower the income or rate of return, as well as adversely affect the value of a Fund's investment in a portfolio company. Operators will, in certain cases, also be subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. Compliance with, or changes in, these laws could reduce the revenue and profitability of a Fund. In addition, regulation of the leasing of residential property by many state and local governments includes controls over rents that may be charged to tenants. Such regulations often impose limits on rent increases and may require that properties comply with specified requirements as a precondition for rent increases.

Risks Pertaining to Non-US Investments

Non-U.S. Investments

The Funds may invest in portfolio companies outside the United States. In addition, investments in companies that are organized, headquartered and/or that principally operate in the United States often have operations in, sales to or other exposure to countries outside of the United States. Investments in and other exposure to non-United States countries involves certain risks not typically associated with investing in companies that are organized, headquartered and/or principally operating in, and whose customary are primarily in, the United States, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the non-U.S. investments are denominated; and costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in, and relative illiquidity of, some non-U.S. securities markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries; (v) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic or social instability, including the risk

of sovereign defaults, and the possibility of expropriation or confiscatory taxation and adverse economic and political development; (vi) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities; (vii) differing, and potentially less well-developed or well-tested laws regarding corporate governance, fiduciary duties, the protection of investors and intellectual property rights; (viii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (ix) political hostility to investments by foreign or private equity investors; and (x) less publicly available information. In addition, portfolio companies with operations in non-U.S. jurisdictions may be involved in restructurings, bankruptcy proceedings and/or reorganizations that are not subject to laws and regulations that are similar to the U.S. Bankruptcy Code and the rights of creditors afforded in U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide the Funds with equivalent rights and privileges necessary to promote and protect their interest in any such proceeding, the Funds' investments may be adversely affected. Additionally, the Funds may be less influential than other market participants in jurisdictions where it or the Advisor and/or its affiliates do not have a significant presence.

Additionally, in emerging and developing markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties, and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging and developing market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in financial instruments may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Funds may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts. Due to the foregoing risks and complications, the costs associated with investments in emerging market securities generally are higher than for securities and other instruments of issuers based in developed countries.

In addition, economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Funds' performance.

Currency and Exchange Rate Risks

A portion of the Funds' investments, and the income received by the Funds with respect to such investments, may be denominated primarily in currencies other than U.S. dollars. However, the books of the Funds will be maintained, and Investors' contributions and capital accounts, as well as distributions from the Funds generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates, costs of conversion and exchange control regulations may adversely affect the dollar value of investments, interest and dividends received by the Funds, gains and losses realized on the sale of investments and the amounts of distributions, if any, to be made by the Funds. In addition, the Funds will incur costs or experience substantial delays when, or be prohibited from, converting investment proceeds from one currency to another. While the Fund Managers may enter into hedging transactions designed to reduce such currency risks, there can be no assurance that any such transactions would achieve their intended results. Further, such hedging transactions could result in diminished returns (or increased losses on capital) to the extent overall returns are less than the Funds' costs or losses associated with such hedging transactions.

Risks Pertaining to Investments in Equipment Retailers

Reliance on Equipment Manufacturers

Certain Funds are expected to derive substantial revenue by providing equity capital solutions to certain tractor and compact agricultural and construction equipment dealerships and rental companies (collectively, the "Dealerships"). The success of the Dealerships is dependent on equipment manufacturers in several respects. First, the ability of the Dealerships to sell, lease or rent new equipment is dependent on an equipment manufacturer's ability to design, manufacture, and allocate to such Dealership an attractive, high-quality, and desirable product mix at the right time and at the right price in order to satisfy customer demand. Second, manufacturers generally support their franchisees by providing direct financial assistance in areas such as floorplan arrangement and advertising. Third, manufacturers often provide product warranties and, in some cases, service contracts to customers for repair and/or maintenance work which is ultimately completed by the Dealerships. In such situations, it is common for the relevant Dealership to receive compensation directly from the manufacturer for such repair or maintenance work, as opposed to invoicing the customer. Accordingly, such Dealerships could have significant receivables from manufacturers for warranty and service work performed for customers. The Dealerships could also rely on manufacturers to provide original equipment manufactured replacement parts, training, product brochures, point of sale materials and other marketing items. The business, results of operations, and financial condition of the Dealerships could be materially adversely affected as a result of any event that has a material

adverse effect on the equipment manufacturers or distributors that are the primary franchisors of such Dealerships.

Additionally, equipment manufacturers are expected to be adversely impacted by economic downturns or recessions, significant declines in the sales of their new equipment, natural disasters, increases in interest rates, adverse fluctuations in currency exchange rates, declines in their credit ratings, liquidity concerns, labor strikes, supply chain interruptions or similar disruptions (including within their major suppliers), supply shortages or rising raw material costs, rising employee benefit costs, equipment recall campaigns, adverse publicity that reduces consumer demand for their products (including due to bankruptcy), product defects, litigation, poor product mix or unappealing equipment design, governmental laws and regulations (including fuel economy requirements), tariffs and other import product restrictions, the rise of property or transportation-sharing applications or other adverse events. These and other risks could materially adversely affect any manufacturer and impact its ability to profitably design, market, produce or distribute new equipment, which in turn could materially adversely affect a Dealership's ability to (i) obtain or finance desired new equipment inventories, (ii) take advantage of manufacturer financial assistance programs, (iii) collect in full or on a timely basis manufacturer warranties and other receivables and/or (iv) to obtain other goods and services provided by the impacted manufacturer.

Agreements with Equipment Manufacturers

Many of the Dealerships will operate under separate franchise or dealer agreements with various equipment manufacturers or distributors. As a result, the Dealerships are likely to be significantly dependent on their relationships with manufacturers. Moreover, manufacturers are expected to exercise a significant degree of control over the operations of the Dealerships because franchise and dealer agreements govern, among other things, its ability to purchase equipment from manufacturers and sell them to customers. Further, franchise and dealer agreements often provide for termination or non-renewal for a variety of causes, including certain changes in the financial condition of the Dealership and any unapproved change of ownership or management. Manufacturers generally also have a right of first refusal in respect of any potential sale of the applicable Dealership.

Franchise and dealer agreements are expected to provide equipment manufacturers and distributors with a significant amount influence over the operations of the Dealerships. Manufacturers can set performance standards with respect to sales volume, sales effectiveness and customer satisfaction and can influence (i) a Dealership's ability to acquire additional stores, (ii) the naming and marketing of the Dealership, (iii) the digital channels used by the Dealership, (iv) the selection of store management, (v) product stocking and advertising spending levels and (vi) the level at which individual stores are capitalized.

Manufacturers also impose minimum facility requirements that can require significant capital expenditures. Manufacturers are also generally granted certain rights to restrict the ability of a Dealership to provide guaranties, make pledges of capital stock or place liens on its assets, which could adversely impact their ability to obtain financing on favorable terms or at desired levels. Certain Dealerships could also be restricted from acquiring additional franchises to the extent its existing locations are not satisfying the performance criteria (with respect to matters such as sales volume, sales effectiveness and customer satisfaction) stated in the relevant franchise or dealer agreements. Additionally, subject to applicable state franchise laws, certain manufacturers have the right to establish new franchises or relocate existing franchises. Such restriction, establishment or relocation could have a material adverse effect on the financial condition, results of operations, cash flows and prospects of any Dealerships in the market in which such franchise action is taken. There can be no assurance that any Dealership will be able to comply with manufacturer requirements. In certain circumstances, a manufacturer could be granted the right to terminate or compel the sale of a franchise. Although the Dealerships rely on the protection of state franchise laws, if such state franchise laws are repealed or weakened, the franchise and dealer agreements would likely become more susceptible to termination, non-renewal or renegotiation. There can be no assurance that any franchise or dealer agreements entered into by the Dealerships will be renewed or that the terms and conditions of such renewals will be favorable to the Dealerships. Actions taken by manufacturers to exploit their superior bargaining position in negotiating the terms of franchise and dealer agreements or renewals of such agreements could also have a material adverse effect on the business, results of operations, financial condition and cash flows of the Dealerships.

Marketing and Sales Incentives

Certain equipment manufacturers establish marketing and sales incentive programs designed to spur consumer demand for their equipment, particularly during periods of excess supply and/or in a flat or declining new equipment market. These programs impact operations, particularly as it relates to the sale of new equipment. Since these programs are often not announced in advance, they can be difficult to plan for when ordering inventory. Furthermore, manufacturers may modify and discontinue such marketing and incentive programs at any time, which could have a material adverse effect on the results of operations and cash flows of the assets of certain Dealerships.

The unit economics relating to the sale of new equipment, when calculated on a per equipment retailed basis, are often adversely impacted by disruptive marketing and sales incentive programs that are based upon store-level growth targets established by certain manufacturers (commonly referred to as “stair-step” incentive programs). This typically results in multi-tier pricing and is likely to adversely impact a Dealership’s ability to compete with other dealers. If those manufacturers continue to use such incentive programs or if

other manufacturers adopt similar incentive programs, the operating results of the applicable Dealership(s) could be adversely impacted.

Bankruptcy of Manufacturers

The Dealerships could be materially adversely impacted by the bankruptcy of a major equipment manufacturer or related lender. For example, (i) a manufacturer in bankruptcy could attempt to terminate all or certain franchises, in which case the Investment will not receive adequate compensation for such franchises, (ii) consumer demand for such manufacturer's products could be materially adversely affected, (iii) a lender in bankruptcy could attempt to terminate any floorplan financing and demand repayment of any amounts outstanding, (iv) it could be difficult to arrange financing for customers for their equipment purchases and leases through such lender, in which case the franchise would be required to seek financing with alternate financing sources, which may be difficult to obtain on similar terms, if at all, (v) the relevant Dealership(s) could be unable to collect some or all of its (or their) significant receivables that are due from such manufacturer or lender, and could be subject to preference claims relating to payments made by such manufacturer or lender prior to bankruptcy, and (vi) such manufacturer could be relieved of its indemnification obligations with respect to product liability claims. Additionally, any such bankruptcy is likely to result in the relevant Dealership being required to incur impairment charges with respect to the inventory, fixed assets, and intangible assets related to certain franchises, which could adversely impact results of operations, financial condition, and the ability to remain in compliance with the financial ratios contained in debt agreements.

Effects of Bankruptcy

Investors of the Funds may become the subject of voluntary or involuntary bankruptcy proceedings under applicable bankruptcy laws. Certain risks that are faced in bankruptcy cases that must be factored into the investment decision include, for example, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under applicable bankruptcy laws, or as a result of a liquidation proceeding, the Funds could suffer a loss of all or a part of the value of its investment. A bankruptcy filing may adversely and permanently affect any Investor. Any Investor could lose market position and key employees, and the liquidation value of any Investor may not equal the liquidation value that was believed to exist prior to the making of the initial investment.

Environmental Standards

Under various federal, state and local laws, ordinances and regulations, an owner of real property is, under certain circumstances, liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence

of such hazardous or toxic substances. The Dealerships are generally involved in the use, handling and disposal of hazardous materials and wastes, including motor oil, gasoline, solvents, lubricants, paints and other substances. As such, the Dealerships are subject to such laws and regulations pertaining to the environment. The Dealerships are subject to compliance with regulations concerning, among other things, the operation of underground and above-ground gasoline storage tanks, gasoline dispensing equipment, and above-ground oil tanks. Similarly, equipment manufacturers are subject to government-mandated fuel economy and greenhouse gas emission standards, which continue to change and become more stringent over time. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner, including any Dealership. In addition, these and other laws and regulations could materially adversely affect, particularly during periods when fuel prices are low, the ability of manufacturers to produce and the Dealerships' ability to sell, equipment in demand by consumers at affordable prices, which could materially adversely impact the business, results of operations, financial condition, cash flow and prospects of the Dealerships.

Environmental laws, regulations and regulatory initiatives play a significant role in the industries in which the Funds' portfolio companies and their customers are expected to operate and can have a substantial impact on investments in these industries. Such industries may continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations and special interest groups. New and more stringent laws, regulations and requirements or stricter interpretations of current laws, regulations or requirements could impose substantial additional costs on portfolio companies, including delays as the waiting periods to receive permits and other regulatory approvals may also become longer. Additionally, compliance with current or future environmental requirements does not ensure that the operations of the portfolio companies will not cause injury to the environment or to people under all circumstances or that the portfolio companies will not be required to incur additional unforeseen liabilities or environmental expenditures. Moreover, failure to comply with any such requirements could have a material adverse effect on a portfolio company, and there can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations and requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims. Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the equity owners of a portfolio company (including a Fund) subject to environmental liability. It is also possible that such oversight and influence will reduce over the course of the Funds' terms. Any decrease with respect to environmental oversight would likely increase competition within the industry, which could also adversely

affect the business of a Fund and impede a Fund's ability to effectively achieve its investment objective.

Electrification of the Automotive Industry

Recent trends toward electrification in the automotive industry are motivating legacy automotive original equipment manufacturers ("OEMs") and their suppliers to drastically accelerate their electrification initiatives as combustion assets are a constraint on OEM and supplier performance. These companies are anxious to firmly position themselves as relevant competitors in the electrification of their fleet as the pace of innovation continues to accelerate. This gaining popularity and success in electrification could negatively impact revenues of a manufacturer, and subsequently a dealership, that remains committed to combustion engine technologies or falls behind in developing the new technology. Further, environmental sustainability remains a primary focus of ESG initiatives, which can be achieved by the electrification of the automotive industry as a way to lower carbon emissions. Therefore, this industry trend may lead to a Fund investing in dealerships with OEMs that are competing with others that prioritize and achieve electrification of their fleet faster.

Certain Funds expect to invest in dealerships that generate revenue from aftermarket sales and services as well. As OEMs continue to develop technology and compete in this industry, the future growth and financial performance of these dealerships will also depend on their ability to develop, market and integrate new parts and services and to accommodate the latest technological advances and customer preferences. In addition, the introduction of new technologies or services could result in dealership revenues decreasing over time. If competitor dealerships implement new technologies, this will allow them to provide lower priced or enhanced services of superior quality compared to those provided by the Fund's dealerships and financial condition and results of operations could be adversely affected.

Volatility of Oil and Natural Gas Prices and Markets

The profitability of the companies in which the Funds are permitted invest are expected to be correlated with prevailing prices for oil and natural gas. The volume of oil and natural gas produced and the prices obtainable therefore will be affected by market factors beyond the Funds' control. Such factors include the extent of domestic production, the level of imports of foreign oil and natural gas, the general level of market demand on a regional, national and worldwide basis, domestic and foreign economic conditions that determine levels of industrial production, political events in foreign oil-producing regions and variations in governmental regulations and tax laws or the imposition of new governmental requirements upon the energy industry. Prices for oil and natural gas are subject to wide fluctuation in response to relatively minor changes in supply of and demand for oil and natural gas, market uncertainty, geopolitical conflicts such as the Russian-Ukrainian war and a variety of

additional factors that are beyond the control of the Funds. A substantial and prolonged increase or decline in oil and natural gas prices could have a material adverse effect on the Funds' portfolio companies, and thus on the Funds.

Item 9. - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the investment adviser or the integrity of the investment adviser's management.

The Advisor has no legal or disciplinary events to report that are material to the Funds or prospective investors evaluation of our advisory business or the integrity of our management.

Item 10. - Other Financial Industry Activities and Affiliations

The Advisor and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, the provision of Property Services and transaction-related, legal, management and other services to Funds and portfolio companies. The Advisor will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Fund Offering Documents, although the Funds and their respective investments will place varying levels of demand on these personnel and resources over time. Conflicts of interest have the potential to arise in connection with transactions between or involving a Fund and/or its portfolio companies, on the one hand, and the Advisor or its affiliates, other investment funds, vehicles, managed accounts and/or arrangements sponsored by the Advisor and/or its affiliates, and/or its subsidiaries and assets, on the other hand. In addition, various other potential and actual conflicts of interest will arise as a result of the overall investment activities of the Advisor, the Fund Managers and their affiliates. The following discussion briefly summarizes some of these potential and actual conflicts of interest (but is not intended to be an exclusive list of all actual and potential conflicts of interests) and should be carefully evaluated.

The Advisor and/or its affiliates and personnel likely will engage in further activities in the future that have the potential to result in additional conflicts of interest not addressed herein. Investors should consult the Fund Offering Documents for a more detailed discussion of applicable conflicts.

If any matter arises that the Advisor determines in its good faith judgment constitutes an actual conflict of interest, the Advisor will take such actions as it determines necessary or appropriate in its sole discretion to ameliorate the conflict (and upon taking such actions the

Advisor will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied its fiduciary duties related thereto to the fullest extent permitted by law). Although the Advisor is not obligated to pursue any such actions, these actions could include, by way of example and without limitation, (i) disposing of the asset or security giving rise to the conflict of interest; (ii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; and/or (iii) consulting with a Fund advisory committee regarding the conflict of interest and either obtaining a waiver from such committee of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by such committee with respect to such conflict of interest. There can be no assurance that the Fund Managers and their respective affiliates will identify or resolve all conflicts of interest in a manner that is favorable to the Funds. In addition, Investors should note that the Fund Offering Documents contain provisions that, subject to applicable law, (i) reduce or eliminate the duties, including fiduciary and other duties, to the Funds and their Investors to which the Fund Managers would otherwise be subject; (ii) waive duties or consent to the conduct of the Fund Managers that might not otherwise be permitted pursuant to such duties; and (iii) limit the remedies of an Investor with respect to breaches of such duties. Additionally, the Fund Offering Documents contain exculpation and indemnification provisions that, subject to the specific exceptions enumerated therein (generally for intentional, wrongful acts), *provided*, that the Fund Managers and their respective affiliates (including the Advisor) will be held harmless and indemnified, respectively, for matters relating to the operation of the Funds, including matters that may involve one or more potential or actual conflicts of interest. By acquiring and/or maintaining an Interest in the Funds, each Investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest (including, for example, those described herein) and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. As applicable, all references to the “Advisor” in this section will include any other investment advisor that the Advisor has engaged to provide investment advisory services, on its behalf, to the Funds.

Policies and Procedures of the Advisor

Policies and procedures implemented by the Advisor (including as may be implemented in the future) to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions will in certain cases reduce the synergies across the Advisor’s areas of operation or experience that the Funds expect to draw on for purposes of pursuing attractive investment opportunities. Because the personnel of the Advisor have other activities beyond the Funds, the Advisor is subject to actual and potential conflicts of interest, additional regulatory considerations and more legal and contractual restrictions than that to which it would otherwise be subject if it focused only on the Funds. As a consequence, information, which could be of benefit to the Funds, might become restricted

to certain businesses within the Advisor and/or its affiliates and otherwise be unavailable to the Funds. Additionally, the terms of confidentiality or other agreements with or related to companies in which affiliates of the Advisor have or have considered making an investment or which is otherwise an advisory client of the Advisor will generally restrict or otherwise limit the ability of the Funds and/or its portfolio companies and their affiliates to make investments in or otherwise engage in businesses or activities competitive with such companies. The Advisor expects to enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although intended to provide greater opportunities for the Funds, require the Funds to share such opportunities or otherwise limit the amount of an opportunity the Funds can otherwise take.

Allocation of Investment Opportunities Among Funds

As a general matter, there can be no assurances that all investment opportunities identified by or suitable for a particular Fund and other Funds will be made available to such Fund. The Advisor is permitted to make investments outside the Funds and, in addition to the Funds, the Fund Managers or any affiliates thereof are permitted to serve as general partner or investment adviser for other Funds, offering investment management services in a diverse range of investment strategies. Consistent with the foregoing, the Advisor expects to be presented with certain investment opportunities that fall within the investment objective of one or more Funds. The Fund Managers generally will (and will cause the Advisor to) share appropriate investment opportunities (and sale opportunities) with the Funds and their respective portfolio companies and this means that such opportunities will be allocated among the particular Fund and such other Funds and/or entities on a basis that Blue Water determines to be fair and equitable over time based on such factors as Blue Water considers relevant, including, but not limited to, (a) the investment objectives of a Fund and such other Funds, (b) the unfunded commitments of Fund and such other Funds, (c) the amount of cash available to a Fund and such other Funds, including cash available through leverage, (d) the size, nature and type of investment opportunity, including, if applicable, the lot size of particular securities, (e) the investment guidelines and limitations governing a Fund and such other Funds (including any client instructions with respect to a specific investment and compressed ramp up periods that are characteristic of certain vehicles as well as parameters such as geography, industry, issuer, volatility, leverage, liability duration or weighted asset life, asset class type or other similar metrics), (f) principles of portfolio diversification, (g) proximity of a Fund and such other Funds to the end of its specified term or investment period, if applicable, (h) asset and risk weighting within the portfolio, (i) the likelihood of current income, (j) whether the investment opportunity is a follow-on investment, (k) applicable contractual obligations (including any priority rights granted to such other Funds under their governing documents), (l) the desired pacing of investments for a Fund and such other Funds, (m) whether a Fund and such other Funds hold an investment in a different

class of debt or equity securities, (n) the liquidity requirements of a Fund and such other Funds, (o) whether a Fund and such other Funds are in the process of fundraising or are open to redemptions, in each case, as of the date of such potential investment, (p) the risk profile or the need to resize risk in a Fund's or such other Funds' portfolio (including the potential for the proposed investment to create an industry, sector, issuer, geographic or currency imbalance in the relevant portfolio), (q) applicable transfer or assignment provisions, (r) the management of any actual or potential conflicts of interest, (s) tax considerations, (t) applicable regulatory obligations, (u) avoiding a de minimis allocation, (v) whether a Fund or such other Funds have a control investment in the target opportunity and/or (w) such other factors as Blue Water may reasonably deem relevant, including any additional limitations or restrictions imposed by Blue Water's investment allocation or conflicts policies; *provided*, that certain Funds will have priority over other Funds with respect to certain types of investment opportunities, subject to certain conditions, in accordance with their Fund Offering Documents. Without limiting the generality of the foregoing, Blue Water will, for a variety of reasons, allocate investment or disposition opportunities solely to one Blue Water Account. In certain circumstances, during the period that an investment is owned by a Fund, it could become a suitable investment for one or more other Funds due to size, revenue, earnings, change in business focus or other characteristics.

While Blue Water will seek to manage conflicts arising out of the potentially overlapping investment objectives of a Fund and such other Funds, there can be no assurance that the return on a Fund's investment will be equivalent to or better than the returns obtained by any other Funds participating in such investments. The decision by Blue Water to allocate an opportunity to particular Fund or provide for any co-investment alongside another Fund could cause a Fund to forego an investment opportunity it otherwise would have made. Similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of Broken Deal Expenses (as defined below) relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions.

Allocation of Expenses

Subject to any relevant restrictions or other limitations contained in the Fund Offering Documents, the Advisor will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, the Advisor expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in the relevant Fund Manager's sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to

applicable law and legal, contractual or similar restrictions, expense allocation decisions generally will be made by the Advisor or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. The allocations of such expenses will not necessarily be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or the Advisor. The Funds generally have different expense reimbursement terms, including with respect to management fee offsets, which are expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment.

As set forth more fully in the relevant Fund Offering Documents, each Fund generally bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce management fees, including: costs and expenses attributable to transactions not consummated ("Broken Deal Expenses"). As a general matter, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among Investors within a Fund regardless of whether any individual Investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment.

Investments in Which Funds Have Different Interests

A Fund will, in certain situations, make investments in which one or more other Funds have or are concurrently making a different principal investment at the time of such Fund's investment. In such situations, such Funds will likely have conflicting interests (*e.g.*, over the terms of their respective investments). In that regard, actions could be taken for one or more such Funds that are adverse to one or more other such Funds. Even if such Funds invest in the same securities, conflicts of interest could still arise. For example, it is possible that as a result of legal, tax, regulatory, accounting or other considerations, the terms of such investment (including with respect to price and timing) for such Funds will not be the same. Additionally, such Funds could have different expected termination dates and/or investment objectives (including target return profiles) and, as a result, they could have conflicting goals with respect to the price and timing of disposition opportunities. For example, a Fund could seek to dispose of an investment prior to or after the time another Fund disposes its interests in the same investment. As a result, the consideration received by such Fund in connection with such sale could be less than the amount it might have otherwise received if both such Funds sold their respective interests as part of one transaction.

Moreover, it is possible that a counterparty, lender or other unaffiliated participant in such transaction requires or desires facing only one fund entity or group of entities, which would result in (i) any of the Funds being solely liable with respect to its own and such third party for such other entities' (including co-investment vehicles formed for third party investors and/or personnel of the Advisor) share of the applicable obligation and/or (ii) any of the Funds being jointly and severally liable for the full amount of such applicable obligation, in each case which could result in such Funds entering into a back-to-back or other similar reimbursement agreement. In such situations it is not expected that any of the Funds would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third-party counterparty. Furthermore, as a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, a Fund could be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness. In addition, conflicts are expected to arise in determining the amount of an investment, if any, to be allocated among the potential investors and the respective terms thereof. There can be no assurance that the return on any Fund's investment will be equivalent to or better than the returns obtained by the other affiliates participating in the transaction. It is possible that in a bankruptcy, insolvency or similar proceeding a Fund's interest is subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of the Advisor relating to its investment.

Funds as Investors in Other Funds

Certain Funds have made, and may in the future make, capital commitments to one or more other Funds. Neither the Investors nor any committees thereof will have the opportunity or right to participate in negotiating the amount, structure or terms of an investment in another Fund, or in the control, management or operations of any such Fund, and there can be no assurances that the interests of all or certain Investors will be taken fully into account. Such investment will generally be negotiated by certain members and personnel of the Advisor and/or its affiliates that will have economic interests in the performance-based compensation and fees received from such Funds. The Advisor or its affiliates will make any management, financing, investing and disposition determinations with respect to the Funds and such determinations generally will not require the consent of the Investors of any Funds or any other person or entity. Therefore, any decision with respect to any such investment will involve an inherent conflict of interest. Furthermore, any interests in a Fund held by another Fund, as well as any other future activities of the Advisor, the Funds and/or their respective affiliates or personnel, could exacerbate the potential and actual conflicts of interest discussed herein and result in additional and/or different conflicts of interest not addressed herein and/or not contemplated as of the date hereof. There can be no assurances that any conflict will be resolved in favor of any Fund's interests.

Co-Investment Opportunities

There are circumstances where an amount that would have otherwise been invested by a Fund are instead allocated to co-investors (who will not necessarily be Investors in such Fund), and there is no guarantee for any Investor that it will be offered any co-investment opportunities. The Fund Managers will allocate such opportunities in its sole discretion to Investors, Funds, third-party investors, service providers, and/or others, taking into account facts and circumstances including, but not limited to, the nature of the transaction, speed of execution required, tax considerations, familiarity with and history of investing in the relevant asset or the geographic location, market or industry to which the investment opportunity relates, ability to provide strategic insights and/or capital, the Fund Managers', Advisor's and/or their affiliates' past experiences and relationships with the potential co-investment party, whether a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that could potentially provide longer-term benefits to the Funds, the size and/or timing of the investor's commitment to a Fund, the expected amount of negotiations required in connection with such co-investor's commitment to the co-investment and such other factors that the Advisor deems relevant under the circumstances. Funds and, in certain circumstances, service providers could also participate in co-investment opportunities. The Fund Managers are not obligated to offer co-investment opportunities to all Investors who have expressed an interest in pursuing them. The Fund Managers expect to present co-investment opportunities to certain Investors and other third-party potential co-investors at any time and, with respect to any particular co-investment opportunity, at different times. Thus, one or more Investors and/or other third-party potential co-investors will likely have a longer period of time to evaluate a co-investment opportunity relative to other potential co-investors being offered the same opportunity. The Fund Managers have sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular investor and could choose to allocate co-investment opportunities instead to third parties. The allocation of co-investment opportunities will in many or all cases involve a benefit to the Advisor and its related parties including, without limitation, fees or performance-based compensation from the co-investment opportunity and investments in Funds, which differ as among co-investors and also differ from the fees and/or performance-based compensation borne by Investors in the Funds. There can be no assurances with respect to the amount of any investment opportunity that will be allocated to the Funds. The Fund Managers are not expected to offer co-investment with respect to all investments made by the Funds.

Transaction-specific returns, and an Investor's overall returns from its exposure to the Funds' investments, will be affected significantly by the extent to which Investors are offered and choose to participate in co-investment opportunities. The performance of co-investments is not aggregated with that of the Funds, including for purposes of determining

performance-based compensation or Fund Fees under the Fund Offering Documents. In addition, co-investors generally will not share in Broken Deal Expenses (all of which will generally be borne by the Funds, even if a portion of such investment would have been or was offered for co-investment).

Diverse Investor Group

The Investors generally have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual Investors with respect to other Investors and relative to investors in other investment vehicles will generally relate to or arise from, among other things, the nature of investments made by the Funds and such other vehicles, the structuring, or the acquisition or sale of investments and such other vehicles and the timing of disposition of investments. As a consequence, conflicts of interest will arise in connection with decisions made by the Fund Managers, the Advisor or their affiliates, including with respect to the nature or structuring or managing of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations.

In addition, the Funds will, in certain cases, make or take actions with respect to investments that have a negative impact on related investments made by the Investors in separate transactions. In selecting, structuring and managing investments appropriate for the Funds, the Fund Managers will generally consider the investment and tax objectives of the Funds and their Investors (and those investors in other investment vehicles managed or advised by the Fund Managers and the Advisor) as a whole, and not the investment, tax or other objectives of any Investor individually. To the extent members of an Investor committee or Investors in the Funds vote on any matter regarding conflicts or otherwise participate in matters involving a vote or action thereby, any such Investors in the Funds could have different interests, which may be related to or separate from their interests as an Investor in the Funds, and, as a result, may not be motivated to vote solely in accordance with its interests related to the Funds. Moreover, such Investors are unrestricted from voting, and may affirmatively vote, in a manner that is adverse to the interests of other Investors and the Funds.

Targeted Investment Platforms

A Fund, alone or co-investing alongside other Funds or third parties is permitted to create or acquire companies that serve as a platform for investment in a particular sector, geographic area or other niche (such arrangements, "Targeted Investment Platforms"). In the case where a Fund co-invests alongside another Fund, the potential for conflicts exists. In the case of acquired Targeted Investment Platforms, a Fund may rely on the existing management, board of directors and other shareholders of such companies, which may include representation of other financial investors with whom a Fund is not affiliated and

whose interests may conflict with the interests of a Fund. In other cases, a Fund may recruit a management team to pursue a new Targeted Investment Platform expected to lead to the formation of a future Targeted Investment Platform. A Fund may also form a new portfolio company and recruit a management team to build the Targeted Investment Platform through acquisitions and organic growth. A Fund or the Targeted Investment Platform, as applicable, will bear the expenses of such management team, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or building out the Targeted Investment Platform. Such expenses may be borne directly by a Fund as Fund expenses (or Broken-Deal Expenses, if applicable) or indirectly as such Fund bears the start-up and ongoing expenses of the newly formed Targeted Investment Platform. In certain cases the services provided by such management team may overlap with the services provided by Blue Water to a Fund. The compensation of management of a Targeted Investment Platform may include interests in the profits of the Targeted Investment Platform, including profits realized in connection with the disposition of an asset, and co-investments alongside a Fund. Where the management of a Targeted Investment Platform of a Fund provides services that benefit other Funds, those other Funds will not necessarily bear their allocable share of platform-related expenses, including the compensation of management. Although Blue Water believes such compensation to be reasonable, such compensation will not necessarily be determined through arm's-length negotiation; nor will it necessarily be confirmed as being comparable to market rates for such services. Although a Targeted Investment Platform may be controlled by a Fund, members of the management team will not be treated as affiliates of the Blue Water in certain circumstances. Accordingly, generally, none of the expenses, profit interests or other arrangements described above will offset a Fund's management fee.

Transactions with Potential and Actual Investors, Co-Investors

The Fund Managers and their respective affiliates are permitted to engage in transactions with prospective and actual investors and co-investors that entail business benefits to such investors. Such transactions can be entered into prior to, or coincident with, an investor's admission to the Funds (or commitment to co-invest) or during the term of their investment. The nature of such transactions can be diverse and include benefits relating to the Funds and their respective portfolio companies. Examples include the ability to co-invest alongside Funds and recommendations to underwriters for allocations in initial public offerings or loans to co-investors (or joint venture partners) by the Advisor or a Fund.

Valuation Matters

The fair value of all investments or of property received in exchange for any investments will be determined by the Fund Managers in accordance with the Fund Offering Documents. Accordingly, the carrying value of an investment will not necessarily reflect the price at

which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. Valuations are subject to determinations, judgments and opinions, and other third parties or investors have the potential to disagree with such valuations. The valuation of investments will affect the amount and timing of the Fund Manager's performance-based compensation and, under certain circumstances, the amount of Fund Fees payable to the Advisor. The valuation of investments could also affect the ability of the Fund Managers to raise successor funds to the Funds. As a result, there could be circumstances where the Fund Managers are incentivized to determine valuations that are higher than the actual fair value of investments.

Performance-Based Compensation

Performance-based compensation (as discussed in Item 6, above) creates an incentive for the Fund Managers to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of this arrangement, although a Fund Manager's and/or its affiliates' investment in a Fund should somewhat reduce this incentive. In addition, a Fund Manager reserves the right, in its sole discretion, to agree to reduce or waive performance-based compensation with respect to certain Investors, and, in that regard, it should be noted that a portion of the performance-based compensation payable by a Fund will be paid to current or former personnel of the Manager, such Fund or their respective affiliates. In any such instances, the Fund Manager will have a reduced incentive to seek to maximize the Fund's returns and as a consequence could devote less time and attention to the management of the Fund, which could in turn reduce the returns of Investors. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair value of such property as determined by the Manager in accordance with the Fund Offering Documents. An independent appraisal generally will not be required and is not expected to be obtained. In certain limited circumstances, the amount of performance-based compensation will be calculated based on the fair value of in-kind distributions.

Impaired Value Investments

The Fund Offering Documents provide the Advisor with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect the Advisor's compensation. In making such determinations, the Advisor is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for the Advisor or its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's management fee and carried interest compensation arrangements. The Advisor expects to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a

determination that the investments are Impaired Value Investments) in order to receive greater ongoing management fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the management fee is calculated taking into account the valuation of an investment, the Advisor will have incentives to make determinations that result in the continued payment of, or a higher, management fee. Where the Fund Offering Documents do not require management fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, the Advisor is incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant Fund Manager is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant Fund Manager expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Fund Offering Documents.

The Advisor's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant Fund Manager or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant Fund Manager's determination that an investment is an Impaired Value Investment, and except as set forth in the Fund Offering Documents, neither the Fund Manager nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. The Fund Manager is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Fund Offering Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of the Advisor's compensation is dependent in part on an investment's status as an Impaired Value Investment, the relevant Fund Manager faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although the Advisor intends to operate in accordance with the Fund Offering Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

Portfolio Company Relationships

The Funds' portfolio companies will in certain cases be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of Funds or their respective affiliates that, although the Advisor determines to be consistent with the requirements of such Funds' governing agreements, will not necessarily have otherwise been entered into but for the affiliation with the Advisor or Funds, as applicable, and which could involve fees and/or servicing payments to Advisor-affiliated entities which are not subject to any Fund Fee offset provisions or otherwise shared with the Advisor.

As a result of the Funds' controlling interests in portfolio companies, the Advisor and/or its affiliates could have the right to appoint portfolio company board members (including current or former Advisor personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Portfolio company board members frequently approve compensation and/or other amounts payable to the Advisor and/or its affiliates. Except to the extent such amounts are subject to the Fund Offering Documents' offset provisions, they will be in addition to any management fees or performance-based compensation paid by a Fund to the Advisor.

Service Providers

Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) to the Funds their portfolio companies, or any of their respective affiliates will also, in certain cases, provide goods or services to or have business, personal, political, financial or other relationships with the Advisor and/or its affiliates. Certain personnel and/or affiliates of the Advisor can have, or could in the future have, ownership interests in certain service providers to the Funds. Such advisors and service providers are also permitted to be investors in the Fund, any other Fund, affiliates of the Fund Managers, sources of investment opportunities or co-investors or counterparties therewith. These relationships have the potential to influence the Fund Managers in deciding whether to select or recommend such a service provider to perform services for the Funds or a portfolio company (the cost of which will generally be borne directly or indirectly by the Funds or such portfolio company, as applicable). Notwithstanding the foregoing, investment transactions for the Funds that require the use of a service provider will generally be allocated to service providers on the basis of the Fund Managers' judgment as to best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the Fund Managers believe to be of benefit to the Funds. In certain circumstances, advisors and service providers, or their affiliates, will charge different rates or have different arrangements for services provided to Funds, the Fund Managers, the Advisor, or their affiliates as compared

to services provided to a particular Funds and its portfolio companies, which will likely result in more favorable rates or arrangements than those payable by the Funds or such portfolio companies. In other circumstances, these service providers are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Advisor entities, whether or not relating to financing Blue Water personnel obligations to fund Fund Manager commitment obligations) to Advisor personnel and their estate planning vehicles. Additionally, the Advisor expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors.

Property Services.

The Fund Managers and/or their affiliates (including the Property Manager) provide Property Services with respect to certain portfolio investments.

Where authorized by Fund Offering Documents, out-of-pocket costs and expenses associated with such Property Services (collectively “Property Management Expenses”) are permitted to be paid and/or reimbursed by the applicable portfolio company and/or a Fund to the extent that such costs and expenses would be Fund expenses if incurred by such Fund and/or the Fund Managers, and such Property Management Expenses will not generally offset management fees.

The Property Manager is expected to be engaged to provide, manage, or oversee the provision of Property Services. Although Fund Managers expect to retain the Property Manager where appropriate with a view to reducing costs to the relevant portfolio company (and, ultimately, the Fund) and/or improving such portfolio company’s performance, a number of factors may result in limited or no cost savings from such retention. In addition, Property Manager are expected to provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Fund Managers are generally permitted, in their discretion, to engage third parties to provide Property Services or similar services, in which case a Fund or portfolio company will generally bear any of such third parties’ fees, payments, other compensation (including in the form of a profit interest or promote) or expenses incurred in connection with providing such services.

In certain cases, including where a Fund does not own a controlling interest in an investment, the portfolio investment, its management and/or equity holders potentially will not agree to bear the costs of such Property Managers. In such cases, where the Fund Manager believes the services of the Property Managers will benefit a portfolio investment, it is authorized to cause the Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio investment, notwithstanding that other equity holders in that portfolio investment will receive the benefit of any returns that result from Property Manager services.

Advisor Information

In connection with its services to the Funds and their investments, the Advisor, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Advisor's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Advisor and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Advisor Information"). In many cases, the Advisor Information will include tools, procedures and resources developed by the Advisor to organize or systematize the Advisor Information for ongoing or future use. Although the Advisor expects its Funds and their portfolio companies generally to benefit from the Advisor's possession of the Advisor Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio company from which the Advisor Information was originally received. The Advisor Information will be the sole intellectual property of the Advisor and solely for the use of the Advisor. The Advisor reserves the right to use, share, license, sell or monetize the Advisor Information, without offsetting or otherwise reducing management fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset or reduce management fees.

Other Activities of Management

Certain members and personnel of the Fund Managers and the Funds will have economic interests in, and will devote a substantial amount of their business time to the affairs and operations of, the Advisor, the other Funds and their respective businesses, ventures, investments and/or affiliates, as applicable. Conflicts of interest will exist as a result of such activities and relationships, including, without limitation, in the allocation of resources and opportunities, the making of decisions with respect to existing or potential investments. Moreover, a Fund's governing documents contractually or legally limit the investment opportunities available to the Funds, including, for example, by giving investors in such Fund a priority right to co-investment opportunities or by limiting the Advisor's and/or the Fund Managers' discretion in allocating co-investment opportunities to the Funds. Furthermore, such conflicts could be exacerbated as a result of the Funds' and/or the Advisor's respective internal policies and compliance with applicable law and regulation, could vary considerably between, and result in materially different outcomes for, the Funds, the Advisor, the Fund Managers and/or their respective affiliates. Conflicts will not necessarily be resolved in favor of the Funds' interests.

As part of its regular business, the Advisor expects to engage in activities and/or provide services in the future beyond those currently provided. It is expected that certain operations with respect to such businesses will, in certain instances, be in competition with the investments of the Funds. The Funds will have no interest in, and will not participate in, the risks or rewards of, such other investments, funds, accounts, vehicles, businesses or ventures, and the Investors will neither receive a benefit from fees generated by such activities nor will they be entitled to participate therein on the basis of their investment in the Funds.

In addition, the Advisor and/or the Fund Managers and their respective personnel, in investing and trading for the Funds (and/or in carrying out any other activities) are permitted, subject to applicable laws, regulations and policies, to make use of information obtained by the Funds in the course of its investment activities. The Advisor has not established, and does not intend to establish, information barriers between the internal investment teams of the Funds and the Advisor's other investment activities. Neither the Funds nor any Investor will be entitled to compensation or have any other rights or entitlements in any respect for any profits earned from the use of such information by the Advisor or its personnel. Advisor personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Unless restricted by the Fund Offering Documents, Advisor personnel are permitted to serve on boards or act in other roles unaffiliated with Advisor, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies,

and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce management fees.

Investor Committees

Pursuant to the Fund Offering Documents, certain of the Fund Managers have established an Investor Advisory Committee or Investor Committee, that is authorized to give consent on behalf of the Funds and to give any approval on behalf of the Funds, including as may be required under the Advisers Act (including, without limitation, any “assignment” (as that term is defined in the Advisers Act) of the investment advisory agreement between the Advisor and the Funds and as may be required under Section 206(3) thereof), and the Fund Manager will in certain situations (as applicable) consult with or obtain the consent of the Investor Advisory Committee or Investor Committee, as applicable, with respect to a specific conflict of interest, transaction or approval. If the Investor Advisory Committee or Investor Committee consents to a particular transaction or waives the conflict of interest or the Fund Manager acts in a manner, or pursuant to the standards and procedures, approved by the Investor Advisory Committee or Investor Committee, as applicable, with respect to such matter, or otherwise as provided in the Fund Offering Documents, then the Fund Managers will not have any liability to the Funds or the Investors for such actions taken in good faith by them, including actions in pursuit of their own interests.

The Fund Offering Documents generally provide that to the fullest extent permitted by law, none of the members of the Investor Advisory Committee, nor the Investors on behalf of whom such members act as representatives, if applicable, shall owe any duties (fiduciary or otherwise) to any other Investor in respect of the activities of the Investor Advisory Committee. Furthermore, members of the Investor Advisory Committee will, in certain cases, have various business and other relationships with the Advisor and its partners, personnel and affiliates. The presence of these other relationships will likely influence their decisions as members of such committee.

Capital Calls and Use of Subscription Lines

Subject to the terms of the Fund Offering Documents, a Fund Manager is permitted to fund the making, financing or refinancing of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, one or more assets of the Fund, i.e., asset-backed facilities, or the unfunded commitments of investors, i.e., subscription lines) prior to calling commitments or otherwise utilizing investor contributions. For administrative convenience, capital calls, including those used to pay interest on subscription lines, asset-back facilities and other indebtedness, could be “batched” together into larger, less frequent capital calls or closings, with the Fund’s interim capital needs being satisfied by the Fund borrowing money from such credit facilities. Calculations of net and gross internal rates of return, as reported to Investors will generally

be based on the payment date of capital contributions received from Investors. This treatment also applies in instances where a Fund utilizes borrowings under a subscription-based credit facility in advance of receiving capital contributions from Investors to repay any such borrowings and related interest expense.

As a result, use of a subscription-based credit facility will impact calculations of returns and will generally result in a higher reported return than if the facility had not been utilized and instead such Investors' capital had been contributed at the inception of the investment, which will present conflicts of interest as a result of certain factors, including the interest rate on such borrowings typically being less than the rate of the preferred return and that such preferred return does not accrue on such borrowings, and only accrues on capital contributions when made. A portfolio company financing from a subscription line, rather than a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In addition, use of such long-term leverage arrangements with respect to investments can reduce or eliminate the preferred return received by the Investors (even though the General Partner will generally still be permitted to receive associated management fees) and accelerate or increase distributions of performance-based compensation to the General Partner, providing the General Partner with an economic incentive to fund investments through long-term borrowings in lieu of capital contributions. Subject to limitations in the Fund Offering Documents, the use of a subscription-based credit facility by a Fund is within the Fund Manager's discretion. In light of the foregoing, the General Partner has an incentive, and could at its discretion, permanently fund the acquisition and ongoing capital needs of investments with the proceeds of such borrowings in lieu of drawing down commitments and, accordingly, capital contributions to repay such borrowings could be required only at the time of disposition (or never if principal and interest on such borrowings are repaid out of investment proceeds). As a general matter, use of leverage in lieu of drawing down commitments amplifies returns (either negative or positive) to Investors.

Personnel

The Advisor or its affiliates have, and will in certain cases, partner with individuals or hire short-term or long-term personnel (or interns), who are relatives of or are otherwise associated with the Advisor, an Investor, a portfolio company, or a service provider. Although reasonable efforts are made to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee that the Advisor or its affiliates can control for all such potential conflicts of interest, and in some cases there will continue to be an ongoing appearance of a conflict of interest.

Side Letters

The Fund Managers have and will enter into side letters or other similar agreements with Investors in connection with their admission to the Funds without the approval of any other Investor. Such side letters generally have the effect of establishing rights under, altering or supplementing the terms of the Fund Offering Documents with respect to one or more such Investors in a manner more favorable to such Investors than those applicable to other Investors. Any rights established, or any terms of the Fund Offering Documents altered or supplemented in a side letter or other similar agreement with an Investor will govern solely with respect to such Investor notwithstanding any other provision of the Fund Offering Documents. Such rights or terms in any such side letter or other similar agreement include, without limitation, (i) fee and other economic arrangements (including, for example, with respect to Fund Fees and/or performance-based compensation) with respect to such Investors; (ii) excuse or exclusion rights applicable to particular investments or terms relating to withdrawal from the Funds, including without limitation, as a result of an Investor's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors, (which materially increase the percentage interest of other Investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of the Funds); (iii) additional or modified reporting obligations of the Fund Managers and the Funds; (iv) waiver or modification of certain confidentiality obligations and/or documentation that might be requested by the Fund Managers; (v) prior consent of the Fund Managers to certain transfers by such Investor; (vi) matters (including any special rights of an Investor) relating to co-investment allocation participation and/or the terms thereof; (vii) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an Investor; (viii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (ix) additional obligations and restrictions of the Fund Managers and the Funds, including, without limitation, with respect to the structuring of any particular investment in light of the legal, tax and regulatory considerations of particular Investors; (x) agreements to assist with the taking or defending of tax positions; (xi) matters (including any special rights of an Investor) regarding such Investor's (or its affiliates') interest in providing financing to the Funds or its portfolio companies and (xii) certain obligations and restrictions on the Fund Managers with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms. Such side letters in some cases permit such Investors to take actions on the basis of information not available to other Investors that do not have the benefit of such agreements. In addition, for the avoidance of doubt, it is acknowledged and agreed that under the terms of a most-favored nations provision, certain rights afforded to an Investor in a side letter will be limited to other Investors that have a certain subscription level or that subscribed for interests in the Funds by a particular date

or otherwise only made available subject to certain conditions, restrictions or limitations. The Funds will, upon request of an Investor, make available copies of all side letters or a compendium containing the provisions of any such side letters, which copies or compendium may be redacted of any identifying information.

Transfers

In certain cases, the Advisor will have the opportunity (but, subject to any applicable restrictions or procedures in the Fund Offering Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Advisor will not receive compensation for identifying such transferees, and the Advisor will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Fund Offering Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Investors.

Outside Statements

The Fund Managers and their respective affiliates and personnel have made, and may in the future make, oral and written statements, confirmations, acknowledgments or expressions of intent or expectation to investors in the Funds or their affiliates or acknowledge statements by such persons regarding the Funds or the Fund Managers' activities pertaining thereto. These may include, for example, the anticipated or expected allocation and terms of co-investment opportunities, the anticipated or expected allocation of investment opportunities to the Funds generally and other topics often addressed in legally binding side letters. Although such statements are not legally binding, such statements may influence allocation and other decisions of the Fund Managers and their respective affiliates and the Advisor's personnel with respect to the operations and investment activities of the Funds and may influence a prospective investor's decision as to whether to invest in the Funds. By virtue of not being legally binding obligations, such statements, confirmations, acknowledgments, and expressions (including those made in response to an Investor's due diligence requests) will not be considered side letters for purposes of any most-favored-nation's provisions in actual side letters of the Funds. There can be no assurance that any such arrangements will not have an adverse effect on the Funds or any Investor.

Additional Potential Conflicts

Certain of the officers, directors, partners, managers, and personnel of the Advisor trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law or otherwise determined by the Advisor. For the avoidance of doubt, the Funds may sell investments to any third party, including Investors in the Funds, other

investment vehicles managed or sponsored by the Advisor or its affiliates and investors in any such vehicles.

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

The Advisor's Code of Ethics ("Code") is designed to address and prevent potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. The Code describes the Advisor's high standard of business conduct and fiduciary duty to its clients. The Code includes, among other items, provisions relating to the confidentiality of client and Investor information, prohibition on insider trading, prohibition of spreading rumors, restrictions on the acceptance of extravagant gifts and entertainment, the reporting of certain gifts and business entertainment, and personal securities trading procedures. All supervised persons at the Advisor must acknowledge the terms of the Code annually.

The Code is designed to ensure that the personal securities transactions, activities and interests of the personnel of the Advisor will not materially interfere with (i) making decisions in the best interest of the Funds and (ii) implementing such decisions while, at the same time, allowing personnel to invest for their own accounts. Under the Code, certain classes of securities and transactions have been designated as exempt securities or transactions based upon a determination that these would materially not interfere with the best interest of clients. In addition, the Code requires pre-clearance of certain transactions such as IPOs and limited offerings. Employee trading is monitored by the Chief Compliance Officer ("CCO"), to reasonably detect and prevent conflicts of interest between the Advisor and clients.

Personnel who violate the Code and the Advisor's Compliance Manual are subject to potential disciplinary action including, but not limited to, written warnings, fines, and termination of employment.

The Advisor does not participate in principal trading generally; however, the Advisor would be permitted to if the Advisor obtained appropriate Investor approvals.

The Advisor will provide a copy of its Code of Ethics to any existing or prospective Fund investor upon request to the CCO at the Advisor's principal office address, or by contacting us at (561) 282-0770.

Item 12. - Brokerage Practices

The Advisor will focus on privately negotiated securities transactions of private companies and does not expect to generally trade in public securities. However, in the event the Advisor executes a brokerage transaction in a publicly traded security, the Advisor will generally consider qualitative factors including, but not limited to, the broker's reliability and

execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

Item 13. - Review of Accounts

Portfolio investments are subject to continuous review by the Advisor's investment team and includes, among others, review of investment performance, valuation changes, market developments, adherence to investment guidelines, and strategies and risk analysis. In addition, our CCO reviews accounts on a periodic basis for compliance with our policies and procedures and relevant Fund Offering Documents.

Each Investor (or their designated representatives) generally receives audited annual financial statements, and some Investors also receive quarterly unaudited financial statements and/or quarterly commentary.

The Advisor generally will provide information that certain Investors may request, including additional information relating to a Fund, to the extent such information is readily available or may be obtained without unreasonable effort or expense. Investors that request and receive such information will consequently possess information regarding the business and affairs of such Fund that is not necessarily known to other Investors. In such situations, certain Investors will be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

Item 14. - Client Referrals and Other Compensation

The Advisor and/or its affiliates have entered into and may in the future enter into distribution and/or placement agent arrangements with a number of unaffiliated third parties. Such unaffiliated third parties will, in certain cases, form investment vehicles for the purpose of investing in a Fund. In a typical distribution or placement agent arrangement, the Advisor or its affiliate agrees to pay a third-party solicitor for referring investors into a Fund. Typically, third-party solicitors will receive compensation based on the subscription amounts of the Investors they solicited (although other payment arrangements could exist).

A prospective investor solicited by a third-party solicitor engaged by the Advisor or its affiliates will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be ultimately borne by the Advisor and/or its affiliates (through a corresponding reduction in the management fee or otherwise), and none of the Investors in a Fund will be subject to any increased or additional fees or charges. However, the expenses relating to the diligence and negotiation

of placement agent arrangements will be borne by the applicable Fund as an organizational expense.

Third-party solicitors in the U.S. will be registered as broker-dealers with the SEC. Third-party solicitors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

Item 15. - Custody

The Advisor complies with Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act by engaging a third-party qualified custodian to maintain the funds and securities of the Funds subject to certain exceptions set forth in the Custody Rule and related guidance, having an independent public accountant perform an annual audit of the Funds and distributing the audited financial statements to all Investors in the Funds within 120 days of the end of their fiscal years.

Item 16. - Investment Discretion

The Advisor has discretionary authority to manage securities accounts on behalf of the Funds subject to limitations set forth in the respective Fund Offering Documents. The Advisor is granted such discretionary authority in the relevant organizational documents and/or advisory agreements.

Item 17. - Voting Client Securities

The Advisor’s policies and procedures have been designed to ensure that it complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the Advisers Act and that reflect its commitment to vote all securities for which it exercises voting authority in a manner consistent with the best interests of the Funds. Given the nature of the Funds’ investments, it is unlikely that the Advisor will receive proxies with respect to securities held on behalf of the Funds. In such cases, however, the Advisor’s general policy is to vote such proxies in a manner that it determines is in the best interests of the Funds. Investors may obtain a copy of the Advisor’s Proxy Voting Policies and Procedures and information on how proxies were voted in connection with the Funds, by contacting the Advisor’s CCO at (561) 282-0770.

Conflicts have the potential to arise between the interests of the Funds or one or more Investors, on the one hand, and the interests of the Advisor or its affiliates, on the other hand. If a material conflict is identified by the CCO, the Advisor will determine whether voting in accordance with the Advisor’s proxy voting guidelines is in the best interests of its clients.

Item 18. - Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. The Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.