

Callodine Capital Management, LP

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Form ADV Part 2A: Firm Brochure

March 28, 2024

This brochure provides information about the qualifications and business practices of Callodine Capital Management, LP (“CCM”). If you have any questions about the contents of this brochure, please contact us at 617-880-7494. 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 Callodine also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as a registered investment adviser pursuant to the Investment Advisers Act of 1940, as amended, (the “*Advisers Act*”) does not imply any level of skill or training.

This document is not an advertisement for the advisory services of Callodine, nor an offer to sell or the solicitation of an offer to purchase interests in any fund managed by Callodine.

Item 2 – Material Changes

CCM has updated this Form ADV Part 2A (the “Brochure”) as part of the annual amendment process. This Brochure replaces the last version dated March 31, 2023. The information in this updated Brochure does not contain any material changes, but includes routine annual updating changes, clarifying and/or enhanced disclosures, details pertaining to CCM's new mutual fund sub-advisory relationship and updated regulatory assets under management. We recommend that you read this Form ADV Part 2A in its entirety.

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Item 4 – Advisory Business

Callodine Capital Management, LP was formed in 2018. The principal owner is Callodine Group, LLC, (“Callodine Group”) which is majority owned by James Morrow (“*Principal*”).

CCM provides discretionary advisory services to Clients. CCM’s Clients consist of the following:

Private Funds

Privately offered pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended, organized by CCM or its affiliates (collectively, the “*Callodine Private Funds*”, the “*Private Funds*” or the “*Funds*”),

- Callodine Capital Fund, LP, a Delaware limited partnership and Callodine Capital Offshore Fund, Ltd., a Cayman Islands exempted company (the “Feeder Funds”) invest in parallel through Callodine Capital Master Fund, LP, a Cayman Islands exempted limited partnership (the “Master Fund”).
- Callodine BDC Income Fund, LP (formerly Callodine Special Opportunity Fund, LP also referred to as the “BDC Fund”), a Delaware limited partnership.

CCM manages the Funds in a manner consistent with the investment strategy described in the Funds’ offering documents. In addition to day-to-day trading responsibilities, CCM bears primary responsibility for making investment decisions for the Funds and developing investment strategies consistent with the investment objectives, policies and restrictions applicable to the Funds. For the Funds organized in a master/feeder structure, investment advice is provided directly to the Master Fund, subject to the discretion and control of the general partner. CCM does not provide specifically tailored advice to investors in the Funds. Any investment restrictions applicable to the Callodine Funds are set forth in the organizational or offering documents of the Funds. The Funds offer series A and F limited partnership interests as described in the Funds’ offering documents. In addition, Series SI Interests have been offered to one strategic investor (the “Strategic Investor”). All Interests invest in the same underlying assets, provided that certain terms associated with each Series will be different, including with respect to the Management Fee and the Performance Allocation percentages described in Item 5 and Item 6.

Separately Managed Accounts

CCM serves as investment adviser for a separately managed account on behalf of the Strategic Investor.

Sub-Adviser – Mutual Fund

CCM provides discretionary advisory services to Callodine Equity Income Series, a series of Manning & Napier Fund, Inc. (a Mutual Fund), pursuant to the terms of a sub-advisory agreement. CCM is responsible for selecting the investments according to the Fund’s investment objectives, policies and restrictions as outlined in the Fund’s prospectus.

The Callodine Private Funds, Separately Managed Account and Mutual Fund are collectively referred to herein as CCM’s “Clients”.

CCM may advise other Clients in the future and may also organize additional investment vehicles that follow an investment program similar to, or different from, the investment program of the current CCM Clients.

As of December 31, 2023, CCM's assets under management were approximately \$607,377,948, all of which are managed on a discretionary basis.

Item 5 – Fees and Compensation

Callodine Private Funds

As compensation for its advisory services provided to the Funds, CCM receives management fees based on the assets under management, payable in advance on either a monthly or quarterly basis, as set forth in the offering documents of each respective Fund. The management fee is not negotiable, although CCM retains the discretion to waive fees for one or more investors, in whole or in part.

In addition to the management fee, an investor in the Funds bears its allocable share of expenses associated with the operations of the Funds. These include, among others:

All costs and expenses directly related to its investment program, including without limitation, (i) all transaction costs relating to the Fund's investments (including, without limitation, expenses related to the investments of the Fund's assets, such as brokerage commissions and other transaction costs, negotiation expenses (including related travel expenses), whether or not the related investment is consummated; clearing and settlement charges, commissions (including fees and expenses charged by outsourced traders), custodial fees, margin and interest expenses and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, and any issue or transfer taxes chargeable in connection with any securities transactions); consulting, legal and other professional fees relating to potential and actual investments (collectively, the "Investment-Related Expenses"); (ii) expenses of professionals providing services to the Fund, including legal, audit and tax preparation expenses; accounting fees; administration fees and expenses (including fees and expenses of the Administrator); fees and expenses for order management systems (OMS) and risk management reporting; insurance expenses, including costs of any liability insurance obtained on behalf of the Fund (including, without limitation, directors and officers insurance), organizational expenses, regulatory costs and expenses (including filing and license fees and preparation and submission of filings and licenses), costs of reporting and providing information to Partners, research (which may include, without limitation, Bloomberg services and other market data services and other data associated with the calculation and distribution of the Fund's net asset value), due diligence and all other costs and expenses related to the Fund's business and operations (other than the Other Expenses (as defined below)) (collectively, the "Operating Expenses"), and (iii) Management Fees, any entity-level taxes, costs of any litigation or investigation involving Fund activities, indemnification expenses, any extraordinary expenses (collectively, the "Other Expenses"), and all other costs and expenses related to the Fund's business and operations. Expenses that the General Partner determines relate to any specific Designated Investments will be charged to the applicable Designated Investment Accounts (as defined within the Fund Documents). A portion of the Feeder Fund's and the Master Fund's operating expenses may be shared with other investment entities or accounts managed by the General Partner, Investment Manager or any of their respective affiliates on an equitable basis.

- Out-of-pocket costs related to the administration of the Funds, including accounting, audit, administrator, consulting and legal expenses, risk management reporting, insurance expenses, costs of

any litigation or investigation involving the Funds' activities, and costs associated with reporting and providing information to investors; and

- Expenses associated with the organizational costs and the offering of interests in a Fund (including legal and accounting fees, printing costs and "blue sky" filing fees and expenses but excluding travel and out-of-pocket expenses incurred in connection with the offering of limited partner interests).

For the Master/Feeder Funds, it is anticipated that most investment related expenses and certain other expenses, including without limitation, the management fee, will be incurred by the Master Fund, and the Feeder Funds will be allocated its pro rata portion of such expenses.

Investors should review the expanded summary of expenses in each respective Funds' private offering memoranda.

These expenses are deducted from the capital accounts of investors at the end of the fiscal period in which they are accrued by the Funds.

Separately Managed Accounts

Fees and payment terms with respect to Separately Managed Accounts for which CCM provides advisory services are negotiated on a case-by-case basis, the details of which are outlined and agreed upon in the investment management agreements in place with each Client.

Mutual Fund

CCM receives fees for services provided to the Mutual Fund based on the current net assets of the Fund, accrued daily and payable monthly, as outlined in the sub-advisory agreement. All investors should refer to the Fund's prospectus for additional information regarding fees associated with different Fund share classes as well as the expenses associated with an investment in each.

Investment advisory services provided to Separately Managed Account Clients and the Mutual Fund may be terminated in accordance with the terms outlined in each respective agreement.

Neither CCM nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

Callodine Feeder Funds: In addition to the management fee, investors are subject to performance allocation equal to a percentage of any net appreciation allocated to the investor's account at the end of each performance period, subject to a high-water mark, as further described within the fund offering documents. The performance allocation is not negotiable, although CCM retains the discretion to waive such allocation for one or more investors, in whole or in part, and has done so for employees, affiliates and certain investors who have made significant commitments to the Funds. Investors should refer to the offering documents for additional information, including the calculation methodology.

The Callodine BDC Fund and Callodine Equity Income Series (Mutual Fund) do not have performance-based fees.

Separately Managed Accounts: For the Firm's separately managed account Client, CCM is entitled to performance fees based on a calculation as outlined in the investment management agreement. Performance fees are negotiated on a case-by-case basis. The details are agreed upon and outlined in the investment management agreements in place with each Client.

Conflicts surrounding Performance-Based Fees

The potential management of different types of accounts and accounts with different fee arrangements for the same strategy may give rise to potential conflicts of interest. Performance-based arrangements create an incentive for CCM to purchase investments that are more risky or speculative than those that would be purchased under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities. In certain circumstances, the separately managed account performance-based arrangements may be higher than the Callodine Private Funds management fees and/or performance-based fees, and in other circumstances the Private Funds' performance-based arrangements may be higher than the separately managed account.

CCM's principals are invested in the Private Funds (and other CCM personnel may invest in the future). This creates an incentive for us to favor the Private Funds when allocating trades among Client accounts.

To address these conflicts, our policies and procedures require that investment decisions be made based on the best interests of our Clients, without consideration of pecuniary interests of CCM or its employees. CCM has implemented policies and procedures that govern the allocation of portfolio transactions and investment opportunities across Client accounts. In general, the way portfolio transactions and investment opportunities are allocated to accounts depends upon multiple factors, including, but not limited to (how much liquidity is available within a Client Account, the desired position size, the investment period of the portfolios, whether there are limitations or restrictions imposed on an account due to its investment mandate, differences in risk profile, and portfolio concentration considerations). Trade allocation is reviewed periodically by the Chief Compliance Officer to determine compliance with established policies and procedures. See also Item 12 – Brokerage Practices: Trade Allocation Between Client Accounts.

Item 7 – Types of Clients

As noted in Item 4 above, we currently provide investment advisory services to the Callodine Private Funds, a separately managed account and a mutual fund (in a sub-adviser capacity).

The Private Funds are exempt from registration under Section 3(c)(7) of the Investment Company Act. Investors, which currently includes endowments, pension plans, charitable institutions, family offices, other funds, and high net worth individuals and other entities are admitted to the Callodine Private Funds at the discretion of such Funds' general partner, as applicable. Some of CCM's employees have investments in the Callodine Funds.

The minimum initial investment is \$1,000,000 for the Series A and F interests of the Feeder Funds, as well as the BDC Fund, is \$1,000,000, although the General Partner may waive the minimum investment amount, in its discretion.

Interests in the Funds may only be purchased by investors that are "accredited investors," as defined in Regulation D under the Securities Act of 1933, and either "qualified purchasers," as defined in Section

2(a)(51)(A) of the Investment Company Act of 1940, for purposes of Section 3(c)(7) thereunder, or a “knowledgeable employee” as that term is defined in Rule 3c-5 of the 1940 Act.

Minimum investment amounts for separately managed accounts are negotiated on a case-by-case basis and investment minimums for Callodine Equity Income Series are outlined in the Fund’s prospectus.

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

Investment Strategy and Methods of Analysis

Callodine Private Funds

The investment objective of the Master Fund is to provide strong risk-adjusted total returns with low market correlation and a focus on the preservation of capital. CCM intends to achieve this objective by focusing its investments on dividend paying equity securities across a variety of sectors. CCM also expects to invest in other securities, including, but not limited to, master limited partnerships (“MLPs”), business development companies (“BDCs”), and real estate investment trusts (“REITs”) and special situations including distressed debt, preferred securities and convertible securities.

In the pursuit of additional risk adjusted returns, the Master Fund’s investment strategy will typically include the use of leverage. We believe that leverage will allow the Funds to take advantage of value-added investment research and will be employed to the extent that CCM believes it can substantially exceed the costs of leverage. The Master Fund will also engage in short selling as a potential source of additional return in situations where it believes securities are overvalued, and as a hedging strategy.

Although we intend for the Master Fund to invest primarily in equity and equity-related securities, the Funds may also invest in a variety of other securities and instruments and may use a variety of investment techniques to generate profit and/or control risk. These additional instruments will likely include options, convertible bonds, preferred stock and various debt and credit instruments. The Funds will invest in (and short) companies in any sector and of any market capitalization.

The investment objective of the BDC Fund is to provide strong risk-adjusted total returns with low market correlation. CCM intends to focus the investments in the BDC Fund on the equity securities of business development companies (“BDCs”). Although the Partnership will focus on investing in BDC equities which are dividend paying securities, the purpose of investing in these securities is not just to generate yield. The Principal will seek to identify the equity securities of BDCs that it believes are fundamentally undervalued.

Sub-Advised Mutual Fund

The investment objective of the Callodine Equity Income Series is to provide strong risk-adjusted total returns with low market correlation and a focus on the preservation of capital. The Fund generally invests at least 80% of its net assets, plus borrowings for investment purposes, in equity securities and equity related instruments. CCM uses both bottom up (individual company analysis) and top-down (macro-economic and market projected strategy selection) approaches to its investment selections. CCM is responsible for selecting the investments according to the Fund’s investment objectives, policies and restrictions as outlined in the Fund’s prospectus. Investors should refer to the prospectus for additional information.

Separately Managed Accounts

As mentioned in Item 4, CCM provides advisory services to a Separately Managed Account on behalf of a Strategic Investor. CCM may manage other separate accounts and other investment vehicles in the future. There is expected to be substantial overlap of securities that each Client account purchases. However, the investment strategies and limitations of the Callodine Private Funds, the mutual fund and the separate account are different in certain respects and therefore will not be managed *pari passu* (refer to allocation methodology as described in Item 12).

There is no assurance our strategy and methodologies will be successful over any given period of time.

As with any investment, there is no guarantee that a portfolio will achieve its investment objective. Investing is speculative and involves significant risks, including the risk of total loss of invested capital. The following information is not intended to be a summary of all the risks associated with an investment in the Callodine Funds, but rather some specific risks associated with our strategy and the securities in which we typically invest which we believe are important for investors to consider. Investors should be aware that not all of the risks listed below will pertain to every account as certain risks may only apply to certain strategies. Investors should carefully review the expanded summary of risks in the Funds' private offering memoranda and/or the mutual fund prospectus.

Risks Associated with Strategy and Methodologies

Investors in any of the CCM investment vehicles should refer to each respective Funds' governing documents for a complete description of all risks.

Investment and Trading Risks.

An investment in the Funds involve a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Funds' investment program will be successful. CCM invests substantially all of the Funds' assets in securities and instruments which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the Funds expect to invest have recently experienced and continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Funds.

Equity Securities Generally

CCM will invest in equity and equity-related securities in the U.S. and other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if it invests in equity instruments of issuers whose performance diverges from CCM's expectations or if equity markets generally move in a single direction and CCM has not hedged against such a general move.

Undervalued Securities

CCM expects to invest in companies that we believe are undervalued. Opportunities in undervalued equity securities arise for various reasons, which may include market inefficiencies or a lack of wide recognition of the potential impact (positive or negative) that specific events or trends may have on the value of a security. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

Dividend Securities

Companies that issue dividend yielding equity securities are not required to continue to pay dividends on such securities. Therefore, there is the possibility that such companies could reduce or eliminate the payment of dividends in the future. In such an event, the yield on the Fund's dividend-paying equity securities would be adversely affected. Investors should not assume that the Fund's investments in these securities will necessarily reduce volatility or provide protection, compared to other types of equity securities, when markets perform poorly. In addition, dividend yielding equity securities, in particular those whose market price is closely related to their yield, may exhibit greater sensitivity to interest rate changes. During periods of rising interest rates, such securities may decline. The Fund's investment in such securities may also limit its potential for appreciation during a broad market advance.

Business Development Companies (BDCs)

BDCs carry risks similar to those of a private equity or venture capital fund. BDCs are not redeemable at the option of the shareholder and they may trade in the market at a discount to their net asset value. BDCs may employ the use of leverage in their portfolios through borrowings or the issuance of preferred stock. While leverage may increase the yield of a BDC, this leverage also subjects a BDC to increased risks, including the likelihood of increased volatility and the possibility that a BDC's common share income will fall if the dividend rate of the preferred shares or the interest rate on any borrowings rises.

CCM seeks to identify the equity securities of BDCs that it believes are fundamentally undervalued. Such companies may be undervalued due to a variety of reasons, including reaction to the COVID-19 pandemic and its expected impact on the economy, perception of unfavorable industry dynamics, poor short-term business performance due to cyclical or company specific factors, short term dislocations in capital flows or changes in management. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

It is anticipated that many of the BDCs in which the Funds invest will pay dividends. However, certain BDCs could reduce or eliminate the payment of dividends in the future. In such an event, the yield on the dividend-paying equity securities would be adversely affected. Investors should not assume that investments in these securities will necessarily reduce volatility or provide protection, compared to other types of equity securities, when markets perform poorly. In addition, dividend yielding equity securities, in particular those whose market price is closely related to their yield, may exhibit greater sensitivity to interest rate changes. During periods of rising interest rates, such securities may decline.

Use of Leverage

Certain Funds will borrow money and engage in transactions that have the effect of creating inherent leverage. The Fund's leverage will be derived through margin and by using options, short sales, swaps, forwards, futures contracts and other derivative instruments. The Funds may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Short Sales

In certain Funds, CCM expects to engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities CCM borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the Funds will be able to make a profit by purchasing the securities at a later date at the lower prices. The Funds will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security.

Hedging Transactions

In certain Funds, CCM may utilize certain financial instruments both for investment purposes and for risk management purposes in order to 1) protect against possible changes in the market value of the Funds' investment portfolio resulting from fluctuations in the securities markets, changes in interest rates, currency exchange rates or other financial measures, 2) protect the Funds' unrealized gains in the value of the Funds' investment portfolio, 3) facilitate the sale of any such investments, 4) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolio, 5) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets, 6) protect against any increase in the price of any securities the Funds anticipates purchasing at a later date or 7) for any other reason that CCM deems appropriate.

When CCM decides to hedge one or more positions, its success will be based on its ability to correctly assess the degree of correlation between the performance of the hedging instrument and the performance of the investment being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a hedge will also be subject to CCM's ability to periodically recalculate, readjust, and execute the hedge in an efficient and timely manner. While the Funds enters into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transactions.

Non-U.S. Securities

The Funds may invest in securities and instruments of non-U.S. issuers, including issuers located in emerging markets. The Funds' investments in securities and instruments in non-U.S. markets involve substantial risks often not typically associated with investing in U.S. securities. Investments in non-U.S. securities may be adversely affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad)

or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Funds' assets denominated in that currency and thereby will have an impact upon the Funds' total return on such assets. The Funds may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in non-U.S. securities will also be subject to risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of the Fund's assets and the effects of foreign social, economic or political instability. Non-U.S. companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, non-U.S. companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.

Securities of non-U.S. issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, some foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S. In addition, differences in clearance and settlement procedures on foreign markets may occasionally lead to delays in settlements of the Funds' trades effected in such markets.

Concentration of Investments

The Funds' portfolio may, from time to time, be concentrated in a particular type of security, asset class, industry, geographic location or market capitalization. This may be the result of the Funds' opportunistic investing, external market forces or the lack of liquidity in one security as compared to other securities the Funds holds. Losses incurred in a position making up a significant percentage of the Funds' capital could have a material adverse effect on the Funds' overall financial condition. This limited diversity could expose the Funds to significantly greater volatility than in a more diversified portfolio.

Risks of Investments in Options

Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof.

Risks of Investing in Real Estate Investment Trust ("REIT") Securities

The Funds may invest in securities issued by entities which qualify as "real estate investment trusts", and in securities of non-REIT issuers which are primarily engaged in real estate activities, such as real estate development and management. As a result, some of the Funds' investments are subject to the risks inherent in the real estate market such as environmental liabilities, joint ventures, local economic values, possible increases in interest rates, borrowing risks, illiquidity, and risks associated with the management of REITs.

Risks of Investing in Master Limited Partnerships

The Funds, through investments in derivatives, may have exposure to MLPs. Holders of MLP units have limited control and voting rights on matters affecting the MLP. In addition, there are certain tax risks

associated with an investment in MLP units and the potential for conflicts of interest exist between common unit holders and the general partner, including those arising from incentive distribution payments. The benefit the Fund derives from investment in MLP related derivatives is largely dependent on the MLPs being classified as partnerships and not as corporations for federal income tax purposes. If an MLP were treated as a corporation for federal income tax purposes, the MLP may incur significant federal and state tax liability, which could cause a reduction in the value of the Fund's net asset value. MLP entities are typically focused in the energy, natural resources and real estate sectors of the economy. A downturn in the energy, natural resources or real estate sectors of the economy could have an adverse impact on the Fund. At times, the performance of securities of companies in the energy, natural resources and real estate sectors of the economy may lag the performance of other sectors or the broader market as a whole. MLPs holding credit-related investments are subject to interest rate risk and the risk of default on payment obligations by debt issuers. In addition, MLPs are generally considered interest-rate sensitive investments, and during periods of interest rate volatility, may not provide attractive returns.

Counterparty Risk

The Funds may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchanged-traded or off-exchange transactions.

Broker Risk

The Funds' assets may be held in one or more accounts maintained for the Fund (or the Master Fund) by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Fund's assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Fund's assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible to generalize about the effect of the insolvency of any of them on the Fund and its assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Partnership's assets or in a significant delay in the Partnership having access to those assets.

Risks Associated with the Funds

Limited Operating History and Dependence on Key Personnel

Although the Principal has substantial investment experience, CCM and certain of the Funds were recently formed and have limited history upon which a prospective investor may base its investment decision. The success of the Funds will depend upon the ability of the Principal to implement investment strategies that achieve the Funds' investment objectives. If the Principal were to become unable to participate in the management of the Funds, the consequences to the Funds could be material and adverse. The past performance of the Funds, CCM, the General Partner, the Principal, their respective affiliates and funds they manage is no guarantee of future performance.

Cybersecurity Risk

The Funds and their service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to the Funds or investors by interfering with the processing of investor transactions, affecting the Funds' ability to calculate net asset value or impeding or sabotaging Fund investment and/or asset management activity. The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither CCM nor any of its management persons is currently registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities. Certain CCM employees are registered representatives of an unaffiliated broker-dealer in connection with their activities relating to the private placement of the Private Funds.

As a fully owned subsidiary of Callodine Group, we are affiliated with various U.S. registered investment advisers (as reported on Part 1 of our Form ADV) and pooled investment vehicles, among other financial and operating entities. We occasionally may engage in business activities with some or all of these entities, subject to our policies and procedures governing how we handle conflicts of interest. Currently, our affiliated registered investment advisers focus primarily on different investment strategies and are generally operationally independent of CCM. Callodine Group shares personnel and certain resources with its registered investment advisers, including CCM, except where limited by applicable policies and procedures. Certain members of CCM perform duties and/or have some involvement with affiliates of CCM as noted below. In particular, James Morrow serves on the Investment Committee and/or Board for certain entities and spends a significant amount of time working with management of these entities in regard to business operations and strategy.

- Callodine Commercial Finance, LLC ("CCF"), an operating company which focuses on providing asset-based loans to middle market companies in the U.S. and Western Europe;
- Callodine Credit Management, LLC ("Callodine Credit"), an SEC registered investment adviser to private funds that provide asset-based loans to middle market companies in the U.S. and Western Europe;

- Rand Capital Management, LLC an SEC registered investment adviser to Rand Capital Corporation (NASDAQ: RAND), a BDC ("RAND") that focuses on making loans to, or equity investments in, private companies and two privately offered investment funds;
- Thorofare, LLC, an SEC registered investment advisor to real estate limited partnerships.
- Callodine MN Holdings, Inc, the parent company of Manning & Napier Advisors, LLC, is an SEC registered investment advisor providing asset management services.

CCM recognizes that these affiliations may create conflicts of interest, specifically with respect to time spent by senior management on activities that do not pertain to CCM's primary business as well as the sharing of employees and proprietary information of these respective firms. CCM has developed and implemented policies and procedures for mitigating such conflicts, including a Code of Ethics and insider trading policy for which all employees of the above entities must comply.

CCM does not recommend or select other investment advisors for our clients in return for direct or indirect compensation from such advisers.

Item 11 – Code of Ethics

Code of Ethics

CCM has adopted a Code of Ethics for all employees and partners of CCM describing its high standard of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client and firm information, prohibitions on insider trading and market manipulation, policies and procedures regarding personal trading, and disclosure and approval requirements for gifts, business entertainment and other conflicts of interest. All employees must acknowledge receipt of the Code and any amendments and report any violations of the Code to the Compliance Officer.

CCM's personal trading policy permits employees to make investments in their personal accounts, subject to certain restrictions and pre-approval requirements. Employees may also invest in the Callodine Funds, subject to eligibility requirements.

A copy of our Code of Ethics will be provided to investors upon request.

Conflicts of Interest

In the ordinary course of conducting its activities, the interests of CCM and its affiliates may conflict with those of CCM's Clients. Some of these potential conflicts, and our measures to address them, include:

Performance-Based Fees.

Performance-based arrangements create an incentive for CCM to recommend investments that are more risky or speculative than those that would be recommended under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities. Refer to Item 6 for additional information pertaining to how CCM addresses this conflict.

Valuation. CCM and the General Partner of the Funds exercise supervisory authority over the valuation of the Clients' assets, which authority has been delegated to CCM. Valuation methodologies for certain investments can be subjective and involve a measure of judgment by CCM. The portfolio valuations that we oversee affect the calculation of management fees payable to us and the performance allocation paid to our affiliate, the General Partner. We have a valuation policy designed to minimize this potential conflict of interest which directs us to use stock exchange pricing and other external price measures for most securities and requires us to use consistent and fair valuation criteria in circumstances where external pricing is unavailable or unreliable. In addition, our third-party administrator for the Funds calculates the net asset value of our portfolio per the instructions of the Investment Manager and as outlined in the fund offering documents. A full reconciliation of administrator and internally gathered pricing information is performed at month end. The Prime Broker/Custodian is responsible for valuing investments within the separately managed accounts which are also reviewed and reconciled by the investment manager. Valuation for the Separately Managed Account is calculated by the Prime Broker per the instructions of the Investment Manager. CCM reconciles the Prime Broker valuation to its records.

Adviser or its Employees Trading for Their Own Account. Investments by CCM or its employees, for their own accounts, in securities that are also in the Funds' portfolio could, or could appear to, interfere with CCM's exercise of independent investment decision-making in the best interest of the Funds. In addition, the timing of any trading in such securities by CCM or its employees could have a disadvantageous effect on the values, prices or trading strategies of the Funds. This risk of conflict is addressed through our personal trading policy, described above in this Item 11, which narrowly limits the types of securities in which employees may invest.

Side Letters. CCM has entered into a limited number of side letter arrangements with certain investors, including a Strategic Investor who made a significant capital contribution to Callodine Capital Fund, LP. These side letter arrangements have established different rights or privileges with respect to, but not limited to, more favorable terms over time with respect to management fees and performance allocation as CCM's AUM or performance reach certain material positive breakpoints. In addition, the agreements grant certain investors more favorable terms with respect to transfer of interests, capacity, reporting, and transparency of fund information. The agreement with the Strategic Investor also permits a withdrawal of capital upon the occurrence of certain material events. Given the significant amount of the Strategic Investor's investment (which may be increased by it and its affiliates), a withdrawal of all or a portion of such investments may have a material adverse effect on the Fund, which may result in losses to other investors. The Fund may be required to liquidate positions at adverse times and prices to satisfy the Strategic Investor's withdrawal request. The Strategic Investor has no obligations or responsibilities to the Funds other than providing the initial Strategic Investment.

Item 12 – Brokerage Practices

Broker Selection and Evaluation

CCM typically uses an outsourced trader to facilitate the trading process. However, in keeping with our fiduciary duties to the Clients, we have a responsibility to ensure the trader is seeking "best execution" in effecting trades for the Clients. In general, this means effecting transactions for the Clients in such a manner that the total cost or proceeds to the Clients of each transaction is the most favorable under the circumstances. It is important to note that best execution is a qualitative standard; it is not measured solely by reference to commission rates or price. Paying a broker a higher commission rate than rates charged

by other brokers is appropriate when the difference in commission rate is reasonably justified by the value of the brokerage services obtained for the Clients.

In selecting brokers to execute trades for the Clients, CCM works with the outsourced trader to consider the full range and quality of each broker's services. Factors considered include:

- Trading expertise and experience, including the ability to minimize total trading costs and trade without impacting the market where possible
- Execution capabilities, such as adequate infrastructure for order entry, clearing and settlement, and knowledge and resources to address any complexities particular to the type of security, the market in which it trades or the size of transaction
- Commission rates
- Value of research or brokerage services provided, including the quality, comprehensiveness and frequency of proprietary research and the ability of the broker to provide access to management and industry specialists
- Responsiveness, promptness, reliability, and overall quality of the relationship, including attentiveness to our interests, consistency of personnel, willingness to address problems and history of dealing with us fairly and honestly
- Financial strength and stability
- Administrative resources, operational efficiency

Annually, the portfolio manager creates a commission budget which groups and ranks the executing brokers and establishes target commission allocations for each broker based on many factors including the following:

1. The results of an annual survey of the investment analysts at CCM to evaluate the value-add of brokers providing research services such as research reports, discussions with sell-side analysts, industry conferences and meetings with issuer management,
2. The portfolio manager's own observations regarding research services, commission rates and other qualitative attributes, and
3. Feedback and supporting documentation from the outsourced trader as to the quality of the executing brokers' services such as execution capability, attentiveness, effort and responsiveness to our orders, and commission rates.

The portfolio manager will share the commission allocation budget with the outsourced trader for their use in selecting the brokers on a transaction-by-transaction basis. In some cases, the portfolio manager directs the trader to use a specific broker for specific transactions, subject to best execution.

The portfolio manager then monitors actual expenditures throughout the year based on periodic reports that reflect the allocation of actual commission dollars in conjunction with targeted allocations. From time to time, the portfolio manager may reclassify a broker or make a change to the budget mid-period based on the particular circumstances of such broker or our trading activity during the period.

CCM does not engage in the practice of seeking or considering client referrals from broker-dealers or directed brokerage arrangements.

Soft Dollars

Where an investment adviser causes its clients to pay more than the lowest available commission to a broker-dealer in return for research or other non-execution products and services, the amount of such excess payment is generally referred to as “soft dollars,” and the research and other products and services received in exchange for the higher commission rate are soft dollar benefits. CCM reserves the right to use soft dollars to pay for research and brokerage services so long as such usage meets the safe harbor criteria of Section 28(e) of the Securities Exchange Act of 1934, as amended, which provides, in summary, that it is not a breach of fiduciary duty for an adviser to cause an account to pay a commission in excess of the lowest rate available if the adviser determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. CCM intends to use soft dollars in compliance with Section 28(e).

CCM receives valuable proprietary research services from its broker-dealers. Consistent with its responsibility to seek best execution, CCM considers the value of proprietary research and related services in its broker selection process, discussed above in this Item 12. In each case, CCM will determine in good faith whether the amount of the broker’s commission is reasonable in relation to the value of research and brokerage services the broker provides to the Funds, in the context of either a particular transaction or our overall responsibilities to the Funds. CCM does not seek lower brokerage commissions to the extent that doing so might detract from the provision of such services.

By way of example, the types of proprietary research and other products and services we receive from broker-dealers as part of the services offered to their trading customers include research reports, calls with sell-side analysts, industry conferences, broker-arranged meetings with management, calls with industry specialists, and advice regarding investment opportunities, trading strategies and participation in various markets.

The usage of soft dollars creates conflicts of interest. First, the use of externally developed research, whether purchased with soft dollars or directly, supplements and will at times partially supplant the research we perform internally. Because Clients are generally responsible for both research expenses and brokerage commissions, the cost of external research is borne by the Clients rather than the adviser regardless of the means of payment. However, our use of external research, obtained through soft dollars and otherwise, could be deemed to create a conflict of interest to the extent it creates an incentive for the adviser to rely on external research in place of hiring an additional adviser-compensated employee. The availability of external research also influences our selection of brokers and lead us to pay higher commission rates to research-providing brokers than the rates available from execution-only brokers, all in the manner we describe under “Best Execution” above. In addition, soft dollar credits generated by the trading of one account are applied to obtain research which benefits multiple clients.

Trade Allocation Between Client Accounts

CCM manages a separate account as well as the Funds and may manage other accounts and funds in the future. Although there is expected to be substantial overlap of securities that each account purchases, the investment strategies of the Funds and the separate account are different in certain respects. As a result, we expect material differences between the portfolio holdings and trading activities of the Funds versus those of the separate account. In general, the allocation of investment opportunities and transactions

depends on several factors including, but not limited to, (investment strategy, risk profile, how much liquidity is available within a Client account, the desired position size, investment concentration considerations, the investment period of the portfolios, and whether there are limitations or restrictions imposed on an account due to its investment mandate). We do not expect the Funds and the separate account to trade pari passu in relation to assets under management or any other measure. The Funds and the separate account generally trade independently of one another and will frequently trade on different days. As a result of these considerations, the Funds and the separate account can be expected to transact in the same security at different prices and the portfolios of the Funds and separate account can be expected to have different position sizing. Further, as a result of these considerations, securities may be included in one account but not the other.

As explained in Item 6, our potential to receive incentive fees creates an incentive to favor the account paying the higher incentive fee. Management's equity interest in the Funds also creates an incentive to favor it.

CCM has implemented policies and procedures that govern the allocation of portfolio transactions and investment opportunities across Client accounts. Trade allocation is reviewed periodically by the Chief Compliance Officer to determine compliance with established policies and procedures.

When the purchase and sale of securities and other instruments is considered to be in the best interest of both the Funds and the separately managed account, the securities or other instruments to be purchased or sold may, but are not required to, be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple accounts in any one day generally are (but are not required to be) averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, will be made in a manner that CCM considers to be equally as favorable to the Funds and the separate account.

At the Manager's discretion, CCM may rebalance the portfolios in order to maintain what the Portfolio Manager deems to be appropriate allocations and percentages invested in each portfolio holding. CCM may rebalance the portfolios by crossing transactions between the Client accounts. Cross trades create a conflict when CCM has an incentive to favor one account over another. Therefore, such transactions are affected at fair market value and only when in the best interest of the Clients. CCM prefers to enter into an "arm's length" transaction (i.e., at market) to prevent price manipulation. In these instances, trades are executed through a broker at the current market price, generally for a reduced commission. Expenses incurred in a cross transaction will be allocated equitably in the sole discretion of CCM between the accounts that are parties to the cross transaction. When such a transaction is not feasible or in the best interest of the Clients, CCM may process the transaction without the use of a broker. The terms of any such cross transactions will be commercially reasonable and will not be materially less favorable to the Funds or the separate account than those available in the market. CCM will receive no special fees or other compensation in connection with cross transactions.

Item 13 – Review of Accounts

Review of Client Accounts

CCM's portfolio manager reviews all Client accounts regularly to monitor performance and evaluate whether the portfolios are optimized to execute our investment strategy and achieve our investment objectives or whether adjustments are appropriate in light of changing market conditions, issuer developments and

current opportunities and investment ideas. While the governing documents for the Callodine Private Funds and the investment management agreement for the Separately Managed Account do not contain specific restrictions on the types of investments in the portfolios, the portfolio manager continuously monitors whether the portfolios' characteristics are consistent with the investment objectives, philosophy, strategy and methodologies that we have described to investors in our offering documents and investment management agreements, and whether they are comfortable with the general levels of investment, position concentration, and other measures of risk and potential reward that characterize the portfolio. The portfolio for the Mutual Fund is consistently monitored to ensure compliance with the Fund's prospectus.

The investment professionals meet periodically to review the portfolios and discuss new ideas. Various reports are generated from CCM's systems and are reviewed by the portfolio manager to analyze numerous characteristics of the portfolio, including, among others, multiple measures of performance, geographic and industry detail, instrument-specific factors and regulatory compliance reports.

Reports to Clients and Investors

Regular reporting to Clients and investors includes monthly unaudited performance information. On an annual basis, investors of the Callodine Private Funds receive Schedule K-1s and audited financial statements. The separately managed account client receives periodic reporting directly from the custodian.

The Funds, or the Administrator on behalf of the Funds, may elect to deliver such notices and documents by using a variety of means including, but not limited to, by telephone, e-mail, password protected Internet website and regular mail.

Item 14 – Client Referrals and Other Compensation

CCM enters into written agreements with third party placement agents to refer potential investors to the Private Funds as permitted by applicable laws. Pursuant to such solicitation or placement agent agreements, third parties receive fees based on providing investor referrals. CCM compensates these firms with a percentage share of the management fees as outlined in the agreement with each respective firm. No additional fees are charged to investors as a result of our participation in these arrangements. Typically, these arrangements last for a period of time, but fees are paid to the promotor or placement agent for a trailing period following termination of the arrangement.

Item 15 – Custody

CCM does not maintain physical possession of client funds or securities. Together with the General Partner, however, CCM is authorized to withdraw funds or securities from the Callodine Private Funds for the payment of management fees and other expenses, and our capacities as investment manager and general partner afford us overall access to Funds' securities and funds. As a result of this access and authority, we are deemed to have custody of client funds and securities within the meaning of the Advisers Act.

Consistent with the requirements under the Advisers Act, the assets of the Callodine Private Funds are held in accounts maintained with our prime brokers and our custodians, "qualified custodians" within the meaning of the Advisers Act. Our prime brokers and custodians are banks or registered broker-dealers

that hold Fund assets in separate accounts (or in a separate customer account with records identifying the assets of each such Funds in accordance with applicable broker-dealer and custodial bank regulation).

In addition, the annual financial statements of the Funds will be prepared in accordance with GAAP, audited by an independent accounting firm registered with the Public Company Accounting Oversight Board and distributed to all investors within 120 days of the Funds' fiscal year end.

For separately managed accounts and Mutual fund, CCM does not take custody or physical control of the assets of the accounts. The Prime Broker/Custodian or the Strategic Investor shall at all times have custody and/or physical control of the assets of the account. The Client has access to reports and statements, including tax reporting, directly from the Custodian.

Item 16 – Investment Discretion

CCM has full discretionary authority over all assets it manages for its Clients, consistent with the investment objectives and strategy described in the governing documents and investment management agreements. CCM does not provide advisory services directly to investors in the Callodine Private Funds.

Item 17 – Voting Client Securities

CCM has sole authority to vote client securities, which we exercise in accordance with our written proxy voting policies and procedures. Our policy is generally to vote in the manner we believe is most likely to maximize value for the Clients, consistent with the investment philosophies described in the offering documents. Voting decisions are made on a case-by-case basis, based on a determination of votes in the best interests of the Funds in light of the particular facts and circumstances surrounding each vote. In our proxy voting policy, we describe some factors we are likely to consider when approaching votes on matters where some general observations may be drawn, but the facts and circumstances of the issuer at the time of each vote ultimately guides our voting decision. We will provide a copy of our proxy voting policy and/or information regarding our voting record to clients and investors upon request.

A conflict of interest could arise between the interests of CCM and the interests of the Clients with respect to a voting decision, for example, where the CCM personnel executing voting authority has a separate business or personal relationship with the proponents of a voting proposal or directors standing for election at a portfolio company. If CCM determines that a material conflict of interest exists between the interests of CCM and the interest of the Clients with respect to a particular vote, CCM will retain a proxy voting service, or turn to another independent third party, to determine the manner in which such vote should be cast.

Item 18 – Financial Information

CCM does not require or solicit prepayment of any fees six months or more in advance and does not have any financial condition that would impair its ability to meet contractual commitments to clients.