

INVESTMENT ADVISER BROCHURE

ARCLINE INVESTMENT MANAGEMENT LP

**Arcline Investment Management LP
3803 Bedford Avenue, Suite 106
Nashville, Tennessee 37215
<https://arcline.com>
March 29, 2024**

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Arcline Investment Management LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (646) 908-6122. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

The Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

MATERIAL CHANGES

The Adviser filed its most recent Brochure on March 31, 2023. This annual amendment reflects updates to the descriptions of certain of the business practices of the Adviser and its affiliates, and related risks and potential conflicts of interest.

TABLE OF CONTENTS

Material Changes	2
Advisory Business	4
Fees and Compensation	6
Performance-Based Fees and Side-By-Side Management	18
Types of Clients	18
Methods of Analysis, Investment Strategies and Risk of Loss.....	19
Disciplinary Information.....	78
Other Financial Industry Activities and Affiliations.....	78
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	78
Brokerage Practices	80
Review of Accounts	82
Client Referrals and Other Compensation.....	82
Custody	83
Investment Discretion	83
Voting Client Securities.....	83
Financial Information.....	83

ADVISORY BUSINESS

The Adviser, a Delaware limited partnership and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Adviser commenced operations in August 2018.

The Adviser's clients include the following (each, a "**Fund**," and collectively, together with any future private investment funds to which the Adviser and/or its affiliates provide investment advisory services, the "**Funds**");

- Arcline Capital Partners LP and Arcline Capital Partners A LP ("**Fund I**");
- Arcline Capital Partners Associates LP (the "**Associates Fund**");
- Arcline Capital Partners II LP, Arcline Capital Partners II-A LP and Arcline Capital Partners II Executive LP ("**Fund II**"); and
- Arcline Capital Partners III LP, Arcline Capital Partners III-A LP and Arcline Capital Partners III Executive LP ("**Fund III**").

The following general partner entities are affiliated with the Adviser:

- Arcline Capital Partners GP LP;
- Arcline Capital Partners II GP LP; and
- Arcline Capital Partners III GP LP

(each a "**General Partner**," and collectively with any future general partner entities, the "**General Partners**," and collectively with the Adviser and its affiliated entities, "**Arcline**").

Each General Partner is subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser.

The Funds are closed-end private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." Arcline's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. Where such investments consist of portfolio companies, the senior principals or other personnel of Arcline or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The advisory services to the Funds are detailed in the relevant Fund's private placement memoranda or other offering documents (each, a "**Memorandum**"), limited partnership or other

operating agreements or governing documents of the Funds (each, a “**Partnership Agreement**” and together with any relevant Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Funds (generally referred to herein as “**investors**” or “**Limited Partners**”) participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; such arrangements generally do not and will not create an adviser-client relationship between Arcline and any investor. The Funds or the General Partners generally enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the Partnership Agreement with respect to such investors.

Additionally, as permitted by the Governing Documents, Arcline expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, AVCG members (as defined under the heading “The Arcline Value Creation Group and Consultants” below), third-party consultants (“**Consultants**”), personnel of the Arcline Affiliated Law Firm (as defined under the heading “Arcline Affiliated Law Firm” below) and other service providers, portfolio company management or personnel, Arcline personnel and/or certain other persons associated with Arcline and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund’s initial purchase. Where appropriate, and in Arcline’s sole discretion, Arcline reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally does not expect to be reimbursed separately by co-investors for use of the facility.

As of December 31, 2023, the Adviser managed approximately \$13,961,200,000 in client assets on a discretionary basis. The Adviser’s founders and principal owners are Rajeev Amara and Shyam Ravindran (the “**Founders**”), who serve as the Adviser’s Chief Executive Officer and President, respectively. The Adviser’s sole general partner, Arcline Holdings LLC, is a Delaware limited liability company wholly owned by Mr. Amara.

FEES AND COMPENSATION

In general, Arcline receives a management fee (the “**Management Fee**”) and a carried interest in connection with the provision of its advisory services to the Funds (with the exception of the Associates Fund). Arcline and/or its affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the Management Fees otherwise payable to Arcline to the extent provided by the applicable Governing Documents. Investors in a Fund also bear certain expenses. A summary of the Fund’s fees and expenses follows, but investors should review the applicable Fund’s Governing Documents for details regarding fee structure and expenses.

Management Fees

Each of Fund I, Fund II and Fund III pays a Management Fee that is initially equal to 2% on an annual basis of aggregate capital commitments (“**Commitments**”) of investors that are not designated as “affiliated partners” by the General Partner. Payments are authorized to be made quarterly in advance. Commencing with a date specified in the Governing Documents (the “**Stepdown Date**”), the Management Fee will generally equal 2%, or, in the case of Fund III if certain conditions as described in the Fund III Partnership Agreement are satisfied, 1.75%, of (i) the aggregate unrecouped bridge financing and investment contributions with respect to the portion of each investment that has not been disposed of or completely written-off, less (ii) the aggregate amount of permanent write-downs of investments that have not been disposed of, in each case with respect to investors not designated as “affiliated partners”. However, commencing with the first Management Fee payment date after the tenth (10th) anniversary of the effective date of Fund I, Fund II and Fund III, respectively, and so long as such Fund’s term has been extended as provided in the Partnership Agreement, the Management Fee rate will be reduced to 1% per annum less than the otherwise prevailing rate.

As is generally the case in closed-end private equity funds, the Governing 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 Governing Documents, from the effective date of the Fund until the Stepdown Date, Management Fees generally will be charged based on a formula tied to the amount of the Fund’s aggregate Commitments. However, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the aggregate amount of investment contributions made by the Fund with respect to investments that have not been disposed of or completely written off for U.S. federal income tax purposes less the aggregate amount of any permanent write downs of investments (as required by the Governing Documents) (such investments, “**Impaired Value Investments**”) that have not been disposed of, in each case as determined on the first day of the period with respect to which a determination is being made.

Under the Governing Documents, where the aggregate value (as determined pursuant to the Governing Documents) of all remaining investments in a portfolio company is greater than the aggregate investment contributions with respect to all existing and former investments in such portfolio company, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such

investment contributions. Conversely, the Governing Documents do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in aggregate value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Documents, subject to the previous sentence. For the avoidance of doubt, following the Stepdown Date, if the aggregate value (as determined pursuant to the Governing Documents) of all remaining investments in a portfolio company that is an Impaired Value Investment is less than the aggregate investment contributions with respect to all existing and former investments in such portfolio company as of the date of the reference event, then the amount of the Management Fee otherwise payable relating to such portfolio company will be reduced solely based on the aggregate amount of permanent write downs (as required by the Governing Documents) of the remaining investments.

As a result of the foregoing, and as is generally the case for closed-end private equity funds, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments or a Fund, including following the relevant investment period, and will not be reduced in connection with any write downs, except in the case of certain Impaired Value Investments. Further, as noted, Management Fees will generally not be reduced (in whole or in part) in the case of partial distributions (e.g., those resulting from a dividend recapitalization) or partial reorganizations, restructurings, roll-over investments, extraordinary dividends, distributions 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 in, or the Fund's ownership percentage of, 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 Governing Documents in the event of realizations, dispositions, write-offs or permanent write-downs that occur partway through the relevant calculation period.

The Governing 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 Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

To the extent specified in a Fund's Governing Documents, the Fund's Management Fee will be reduced, but not below zero, by an amount equal to 100% (as may be adjusted pursuant to the Partnership Agreement) of Transaction Fees, as set forth in the applicable Partnership Agreement. "**Transaction Fees**" include any: (i) closing fees, commitment fees, monitoring fees, directors' fees, financial consulting fees or advisory fees paid to the General Partner with respect to any Fund investment; (ii) transaction fees paid to the General Partner with respect to any Fund investment; and (iii) litigation proceeds, break-up or topping fees with respect to Fund transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth in the Partnership Agreement; but they do not include, in any event, any amount received by the General Partner, an AVCG (as defined below) member, the

AALF (as defined below) or personnel thereof or any other person from a portfolio company, prospective portfolio company or other person (A) as reimbursement for expenses directly related to such portfolio company or prospective portfolio company, (B) as compensation for services provided to or in respect of any portfolio company or prospective portfolio company in the ordinary course of such portfolio company's or prospective portfolio company's business, (C) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company or prospective portfolio company, (D) as compensation, including cash fees, guaranteed cash payments or other cash compensation, for services rendered by the AVCG or a member thereof or by the AALF or personnel thereof to such portfolio company or prospective portfolio company, (E) that is in the nature of any (I) AVCG Compensation (as defined below) received by an AVCG member or (II) AALF Compensation (as defined below) received by the AALF or personnel thereof to the extent not covered by clauses (A) through (D) or (F) any other amounts that the advisory board established by the General Partner for the Fund (the "**Advisory Board**") otherwise approves as not constituting "Transaction Fees."

In addition, a Fund's Management Fee may be reduced by any placement agent fees paid and organizational fees in excess of any cap stated in the Fund's Governing Documents. In the event that the amount of any Management Fee reduction exceeds the Management Fee for such quarterly period, such excess is carried forward to reduce the Management Fee payable in following quarterly periods, as set forth in the applicable Governing Documents.

Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including taxes, out-of-pocket costs and expenses (including unreimbursed travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees. Transaction Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Transaction Fees paid prior to the Fund's acquisition of the relevant investment. To the extent that any other fund or any other entity or individual (which could include co-investment vehicles managed by Arcline, third parties, portfolio company management or personnel and/or others) co-invests alongside a Fund in any portfolio company investment (including a transaction not consummated), any Transaction Fees will be allocated among the Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each, or in such other manner as the General Partner and the governing bodies of such other funds and/or investors may mutually agree or the General Partner otherwise considers fair and equitable to its clients under the circumstances over time. To the extent Transaction Fees are paid in the form of non-cash consideration, including in the form of options, warrants or other rights to purchase investments in the portfolio company, Arcline is permitted to calculate the amount of the offset based on the extent of the net cash proceeds thereof as and when received. Accordingly, the Fund will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Transaction Fee, when received in cash on a net basis, and not the portion of any fee that relates (or in the case of a transaction not consummated, would have related) to (i) portfolio company investments made by other Funds or investment vehicles operated by Arcline, (ii) the General Partner or "affiliated partner" Commitments, (iii) any other investor in a portfolio company or prospective portfolio company (e.g., co-investors, service providers, current or former portfolio company management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio company

and/or others), or iv the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management. For the avoidance of doubt, any other fees earned with respect to any co-investors, co-investment vehicle or other third-party investors will also not reduce the Management Fee payable by the Fund. Transaction Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Transaction Fees paid prior to the Fund's acquisition, or following the Fund's disposition of the relevant investment. Similarly, to the extent a former Arcline employee becomes a consultant to, or employed by, a portfolio company, in general, no compensation earned by such former employee as compensation for services provided to or in respect of such portfolio company will offset the Management Fee even if such former employee has a remaining interest in the relevant Fund's General Partner or affiliated entity. Conversely, in the event that Arcline employs a person that previously received compensation from a portfolio company, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with Arcline, 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. Additionally, Arcline will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies. Each of the foregoing conditions is expected to reduce the amount of Transaction Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to Arcline over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for Arcline to seek to increase such amounts.

The Governing Documents generally permit the General Partner to waive or agree to reduce the Management Fee at any time for any period. Certain waived portions of the Management Fee will be treated as special contributions made by the Limited Partners of the Fund and credited to the General Partner as deemed contributions in respect of the General Partner's Commitment to the extent provided in the relevant Partnership Agreement. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees could be significant. Due to waived or reduced Management Fees by the General Partner and/or timing of receipt of compensation subject to offsets (as described above), it is possible that such Management Fee offsets will be delayed.

Carried Interest

As more fully described in the Partnership Agreement, each Fund's (with the exception of the Associates Fund) General Partner generally will receive a carried interest with respect to the Fund equal to 20% of net profits in respect of realized investments and unrealized investments to the extent they are completely written off for U.S. federal income tax purposes in excess of an 8% annually compounded preferred return and subject to the return of capital to the Limited Partners in respect of such investments and a graduated catch-up in favor of the General Partner once the preferred return is achieved. Notwithstanding the foregoing, the General Partner will, in certain circumstances, defer (but not waive) carried interest otherwise distributable to the General Partner in respect of the Limited Partners to the extent provided in the Partnership Agreement. In addition, the carried interest distributed to the General Partner is subject to a potential clawback at the end of the Fund's life if such General Partner has received excess cumulative distributions with respect to each Limited Partner, subject to certain conditions provided in the Governing Documents.

It is expected that any future Funds will have a substantially similar compensation structure.

Other Information

The General Partner is permitted to, in its sole discretion, designate certain investors as “affiliated partners” (whether or not they are actual affiliates of Arcline); such “affiliated partners” may include executives, personnel, certain members of the AVCG and/or certain personnel of the AALF (as defined below) and certain Consultants engaged or retained by Arcline that generally will be exempted from all or some portion of the Management Fee and/or carried interest.

The General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Fund. For example, the General Partner and Limited Partners who are affiliates, personnel or other designees, including persons designated as “affiliated partners”, certain members of the AVCG, members of the AALF and/or certain Consultants engaged or retained by Arcline, generally will not be subject to the Management Fee and/or carried interest. Additionally, to the extent permitted by the Governing Documents, the General Partner has the right to permit investors, affiliated with Arcline or otherwise, to invest through the General Partner or other vehicles that do not bear Management Fees and/or carried interest. For example, the Associates Fund is an employee vehicle that invests alongside the Fund and, as described above, is not subject to a management fee or carried interest. In general, the Management Fee offsets described above apply only with respect to the Commitments of fee-paying investors. Arcline retains flexibility to structure its compensation from investors and may in certain circumstances agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor’s capital account(s).

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

The Founders or other current or former personnel of Arcline (including certain members of the AVCG and/or the AALF) or its affiliates generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, Transaction Fees, carried interest or other compensation received by the Adviser, its affiliates, or from the relevant portfolio companies to which they provide services.

In addition to the Management Fee and carried interest payable to Arcline, the Funds bear certain expenses. As set forth more fully in each Fund’s Governing Documents, each Fund will pay, or reimburse the General Partner for, all other fees, costs, expenses, liabilities and obligations (referred to collectively in this definition as “costs”) relating to the Fund’s (and its subsidiaries’ and intermediate entities’) activities, business, alternative investment vehicles, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all costs relating or attributable to: (i) activities with respect to the sourcing, identifying, pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing, acquiring, bidding on, owning,

managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Fund's portfolio companies and its actual and potential investments (including follow-on investments), including investments in the same entity as one or more other investment vehicles (other than the Fund) managed or controlled by the General Partner or any of its affiliates, or seeking to do any of the other items herein (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, tax professional, accountants, investment bankers, lenders, expert networks, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any costs related to transactions that were offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful, such as break-up or topping fees; (ii) indebtedness of, or guarantees made by, the Fund, the General Partner or any "affiliated partner" on behalf of the Fund (including any credit facility, letter of credit or similar credit support, or any indebtedness entered into pending participation by a co-investor in an investment), including the repayment of principal and interest with respect thereto, or seeking to put in place or amend any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services (including buy-side and sell-side finders' fees as well as similar deal sourcing payments); (v) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services; (vi) legal, accounting, research (including expert consultants, research reports, subscriptions to any periodicals, databases and/or research services, research calls and meetings and research or industry conferences), auditing, technology, administration (including costs associated with any third-party Fund administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services, including with respect to portfolio company transactions entered into between the Fund and other investment vehicles affiliated with the General Partner), consulting (including consulting and retainer fees, salary and other compensation (including AVCG Compensation and AALF Compensation, as applicable (each as defined below)) or expense reimbursements paid to, and benefits or personnel costs provided to or on behalf of, Consultants, including Consultants performing investment initiatives, including sourcing or identifying investment opportunities, or providing services related to environmental, social and governance ("ESG") investment considerations and policies, including services related to portfolio company ESG data aggregation, and application and reporting to ESG-related associations, and other consultants and AVCG members and other similar consultants), recruiting (including executive recruiters for portfolio companies), compensation and expense reimbursements paid to AVCG members, AALF personnel and/or Consultants (each as defined below), tax, information technology and other professional services (including costs related to the establishment or maintenance of any such activities or services); (vii) reverse breakup, termination and other similar arrangements; (viii) insurance, including directors and officers liability, fidelity bond, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance (including costs related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (ix) filing, title, transfer, survey, registration and other similar fees and activities; (x) printing, communications, mailing, courier, marketing and publicity; (xi) the preparation, distribution or filing of Fund- or investment-related

financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis reports), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) compliance with any Foreign Account Reporting Requirements, including, without limitation, FATCA and the OECD (each as defined below) Standard for Automatic Exchange, and any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiii) developing, licensing, implementing, maintaining or upgrading any web portal, website, extranet tools, computer software (including accounting, investor tracking, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the Limited Partners; (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with data protection laws or requests pursuant to the Freedom of Information Act); (xv) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Advisory Board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the Advisory Board members, permitted observers and other persons in attending or otherwise participating in meetings of the Advisory Board; (xvi) indemnification (including any legal and any other fees, costs and expenses incurred in connection with indemnifying any General Partner and/or Limited Partner (collectively, the “Partners”) or other person pursuant to the Partnership Agreement and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xviii) any annual, periodic or special meeting of the Partners, any other conference, meeting or webcast or other video conference with any Partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, and other meeting or conference-related costs) and any other activities necessitated by and incidental to the Fund’s global investor base, in each case to the extent incurred by the Fund, the General Partner or any other affiliate of the General Partner; (xix) except as otherwise determined by the General Partner in its sole discretion, any cost relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund and any other costs related to any structuring or restructuring of any other Covered Entity (as defined below); (xx) the termination, liquidation, winding up, structuring, restructuring or dissolution of the Fund and any persons owned directly or indirectly by the Fund (including portfolio companies) and related entities; (xxi) defaults by Partners in the payment of any capital contributions; (xxii) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partner or any of its affiliates incurred in connection with the operation of the Fund and any costs related to compliance with any ESG or other investment considerations and policies applicable to the Fund, the General

Partner and/or any of their respective affiliates, and/or (B) validation or other conformation of any payments made to the Fund or the General Partner or associated persons thereof (including pursuant to or otherwise in connection with any anti-money laundering laws, rules or regulations); (xxiii) any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement; (xxiv) any third-party experts, including independent appraisers or ESG experts, engaged by the General Partner in connection with the Fund; (xxv) unreimbursed costs incurred in connection with any transfer or proposed transfer by a Limited Partner or any Limited Partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxvi) any taxes, fees and other governmental charges levied against the Fund and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund except to the extent that the Fund is reimbursed therefor in accordance with the Partnership Agreement, provided that nothing in this clause shall affect the treatment of any such amount pursuant to the Partnership Agreement and excluding certain costs that are directly and solely incurred as a result of any proposed or assessed adjustment or deficiency that arises in respect of the use of the Fund's deemed contribution mechanic in respect of the General Partner's Commitment and do not involve responding to "information document requests" and similar informational inquiries from the auditing authority (it being understood that the General Partner will not be responsible for or bear the economic burden of any increase in taxes owed by any Limited Partner with respect to any taxable income to be properly allocable to such Limited Partner as the result of any audit giving rise to such costs), and any costs of or related to the "partnership representative" of the Fund or the "designated individual" thereof; (xxvii) expenses related to making distributions to the Partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxviii) compliance or regulatory matters related to the Fund, including compliance with the Partnership Agreement (including most favored nations process) and/or any Side Letter or similar agreement; (xxix) any travel (including first-class (or equivalent) commercial airfare or private air travel so long as the cost does not exceed the cost of first class (or equivalent) commercial airfare, car or ride sharing services, other modes of transportation, meals, lodging and reasonable and customary entertainment) and other meals and reasonable and customary entertainment relating to any of the foregoing, including in connection with sourcing or identifying investments and consummated and unconsummated investment and disposition opportunities, irrespective of the time(s), location(s) or person(s) involved therein; (xxx) attendance of personnel of the General Partner and/or any of its affiliates, including AVCG members, at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs; (xxxi) hosting or attending training programs, meetings or other events for portfolio companies and/or their personnel; (xxxii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner, affiliates of the General Partner and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof subject to certain limitations set forth in the Partnership Agreement; (xxxiii) all costs and expenses associated with operating a feeder fund which invests all or substantially all of its assets in the Fund, including all expenses associated with its management, operation, winding-up, liquidating and dissolution and with preparing and distributing such feeder fund's financial statements, tax returns and feeder fund investor reports, but not including any income based or similar taxes, fees or other governmental charges levied against such feeder fund; (xxxiv) any organizational expenses; (xxxv) any placement agent fees; and (xxxvi) any other costs

approved by the Advisory Board. Except where the relevant Governing Documents or applicable Side Letter(s) expressly provide to the contrary, broken deal expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among investors within the 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. The foregoing will be Fund expenses notwithstanding that they may be specially treated or excluded from being characterized as an expense under GAAP. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Transaction Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company such that the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. To the extent holding or intermediate entities include one or more special purpose acquisition companies (“SPACs”), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders’ equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the Governing Documents, such interests are permitted to be issued to Arcline and its personnel. The General Partner reserves the right to agree with Consultants, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant Fund in that it does not involve an initial cash outlay for the payment of expenses, and could be further favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits, participation or equity interest generally would have a dilutive impact on the Fund’s investment, as well as the potential to result in economic gains to the recipient greater than the amount of such expense reimbursements, payments or other amounts originally contemplated, which in either case could be substantial. Each Fund also generally will bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to the Fund’s strategy, including in Side Letters relating thereto, and (where applicable) ESG and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for closed-end private equity funds, the Fund likely bears additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including without limitation legal expenses for a transaction in which all such Funds participate and/or co-investors, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds and/or co-investors by their share of such expenses or obligations, without interest. The Adviser's practice of allocating Broken Deal Expenses among investing Funds is discussed under "Conflicts of Interest," below. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for the costs of establishing, negotiating or maintaining the facility as a whole. While Arcline believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Arcline, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Arcline's related policies and the Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, the full amount of any fees and expenses generated in the course of evaluating any such proposed transaction generally would be borne by the Fund, and not by any potential co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already executed definitive documentation to invest in such transaction, they are expected to bear their *pro rata* share of such expenses. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole.

The Adviser and/or its affiliates generally have discretion over whether to charge Transaction Fees or other compensation to a portfolio company and, if so, the rate, timing, calculation method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by the Advisory Board or an independent third party. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliates on the other hand.

The Arcline Value Creation Group and Consultants

As further described herein and in the relevant Memorandum, the Adviser maintains a cross-functional, multi-disciplinary group (the "AVCG"), currently comprised of persons employed, retained or engaged, including on a part-time or non-exclusive basis, by Arcline. The AVCG primarily will provide services to or in respect of the Funds and their alternative investment vehicles, co-investment vehicles, portfolio companies and prospective portfolio companies, including portfolio companies in which the Funds do not hold a controlling interest (collectively, "Covered Entities" and each, a "Covered Entity"). The AVCG presently consists of Adviser

personnel generally organized into two teams focused on research, on the one hand, and strategy, talent and operations, on the other hand. The former will use research methodologies including expert interviews and surveys and data analytics to perform market studies and due diligence in the assessment of investment opportunities, while the latter will focus on identifying, defining and enabling value-enhancing initiatives at portfolio companies in areas such as strategy, operational improvement, digital transformation, organizational design, financial analysis, reporting and planning, environmental, social and governance and executive talent. With the exception of current investment professionals who are principally involved in the underwriting of investments, Arcline designates AVCG members in its sole discretion, and in some cases Adviser personnel will be designated as AVCG members on a temporary basis (e.g., more junior personnel may be interested in exploring different potential career paths and roles within the Adviser) or with respect to services they perform that are of the type described above for the AVCG (e.g., if persons will focus on both investment and AVCG initiatives). Arcline also intends to engage and retain third-party consultants (collectively, “**Consultants**”) to render management, operations, manufacturing, procurement, technology, sales, marketing, acquisition due diligence, integration/rationalization and/or other operations services to the Covered Entities, including certain services of the type provided by the AVCG. AVCG members and Consultants may be affiliates of Arcline or employed, retained or engaged by Arcline or such affiliates, including personnel or service providers of the portfolio companies of the Funds.

AVCG members will receive cash compensation, including guaranteed cash payments, cash fees, other cash incentive-based compensation and/or other cash amounts, including deferred cash compensation (including the employer portion of any payroll or related taxes payable in respect of such amounts and cash charges in respect of employee health and welfare benefits provided to the recipients thereof, “**AVCG Compensation**”). Consultants are permitted to receive cash and non-cash compensation, guaranteed payments, cash fees, a share of proceeds upon sale of a portfolio company, other incentive-based compensation and/or other amounts. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund’s investment, and has the potential to result in economic effects greater than the amount of such compensation originally contemplated. AVCG members are also expected to receive office space, business cards and other employment benefits (e.g., insurance and paid time off paid or reimbursed by a Covered Entity), may make use of other Arcline resources and are expected to be offered the opportunity to invest in the Fund (without paying a Management Fee and/or carried interest) and participate in the Fund’s carried interest, while Consultants are permitted to receive office space, equity grants in portfolio companies (which are generally dilutive to the Fund’s ownership as noted above) and the opportunity to invest in the Funds (without paying a Management Fee and/or carried interest) and/or portfolio companies.

The Funds, directly or through other Covered Entities, will bear AVCG Compensation payable in respect of services provided by the AVCG or its members to their respective Covered Entities. The Funds and their respective Covered Entities are expected to bear all Consultant compensation and at least a significant majority of AVCG Compensation. AVCG Compensation (and, for the avoidance of doubt, Consultant compensation) that is borne by a Covered Entity will not be included as Transaction Fees, will not be shared with the Funds or the Limited Partners and will not otherwise reduce or offset the Management Fee. The use of the AVCG and Consultants

subjects the Adviser to potential conflicts of interest, as discussed under “Conflicts of Interest”, below.

Arcline Affiliated Law Firm

As further described herein and in the Memorandum, Arcline works closely with a law firm owned and operated by one or more Arcline partners and/or personnel (the “**Arcline Affiliated Law Firm**” or “**AALF**”). Arcline expects to frequently arrange for the engagement of the Arcline Affiliated Law Firm to provide corporate and other legal services to or on behalf of the Covered Entities, and which is also expected to provide services to other affiliates of Arcline. The current owner and operator of the Arcline Affiliated Law Firm, Robert Nelson, is currently employed by the Adviser as its General Counsel and Chief Compliance Officer, and certain other Adviser personnel and/or non-Adviser personnel could serve as personnel or independent contractors of the Arcline Affiliated Law Firm. The Adviser shares certain office facilities with the Arcline Affiliated Law Firm.

The Covered Entities will pay the Arcline Affiliated Law Firm and its personnel, including personnel that are also employed by the Adviser, cash compensation, including guaranteed cash payments, cash fees, cash compensation that is voluntarily and electively deferred and/or other cash amounts (collectively, “**AALF Compensation**”), together with reimbursement of certain costs and expenses, including travel, meals, lodging, printing, shipping and third-party service providers (e.g., registered agents), in connection with the provision of legal services to the Covered Entities. But for the avoidance of doubt, if the Arcline Affiliated Law Firm or personnel thereof have provided services to multiple Covered Entities or other Arcline affiliates, each of those recipient entities, as applicable, will bear the related AALF Compensation in a manner that Arcline believes in good faith is fair and equitable over time, subject to certain requirements in the Governing Documents. The Arcline Affiliated Law Firm expects to utilize such amounts to compensate its personnel and pay its overhead, administrative and other operating expenses, including, but not be limited to, filing fees, franchise taxes, legal and accounting fees and malpractice insurance. AALF Compensation and expense reimbursements of the Arcline Affiliated Law Firm that are borne by the Covered Entities will not be included as “Transaction Fees,” will not be shared with the Funds (and/or their alternative investment vehicles, portfolio companies or prospective portfolio companies) or the Limited Partners and will not otherwise reduce or offset the Management Fee.

AALF Compensation that otherwise would be payable by the Adviser to the Arcline Affiliated Law Firm with respect to personnel that are also Adviser personnel will be reduced on a dollar-for-dollar basis by the pre-tax income and other proceeds actually received by such person(s) from the Arcline Affiliated Law Firm (which income and other proceeds, for the avoidance of doubt, will be net of the payment of unreimbursed expenses of the Arcline Affiliated Law Firm). Such persons are also expected to receive office space, business cards and other employment benefits, are expected to make use of other Arcline resources and are expected to be offered the opportunity to invest in the Funds (without paying a Management Fee and/or carried interest) and participate in the Funds’ carried interest. All Arcline Affiliated Law Firm personnel are generally expected to also be Adviser personnel.

The use of the Arcline Affiliated Law Firm subjects the Adviser to potential conflicts of interest, as discussed under “Conflicts of Interest”, below.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation”, the relevant General Partner receives a carried interest allocation on certain realized profits in the relevant Fund (other than the Associates Fund). Arcline currently manages the Associates Fund which is not charged carried interest, and may also in the future manage similar Funds that are not charged carried interest, in whole or in part. This could present a conflict of interest with respect to such Funds because Arcline has an incentive to favor accounts for which it receives the highest performance-based compensation.

The existence of performance-based compensation also has the potential to create an incentive for a General Partner to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement, although Arcline generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund’s life or at certain interim intervals, or impose limitations on the distribution of carried interest during the relevant Fund’s life.

TYPES OF CLIENTS

Arcline provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to Arcline’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “**Investment Company Act**”). The investors participating in the Funds generally include individuals, banks or thrift institutions, insurance companies, fund-of-funds and other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, principals, executives or other personnel of Arcline and its affiliates (including portfolio companies) and members of their families, AVCG members, Consultants, AALF personnel or other service providers retained by Arcline or a Fund, as well as executives of portfolio companies (both existing and prior).

For legal, tax, regulatory, accounting or other similar reasons, Arcline is permitted to form one or more alternative investment entities to make, restructure, or otherwise hold investments, including outside the Funds. Generally, in such event, each investor that participates in an alternative investment vehicle would do so on substantially the same terms and conditions as it participates in the Funds. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Documents of the related Fund.

The Funds generally have a minimum investment amount of \$10 million for third-party investors. Arcline generally is permitted to waive such minimum investment amount, but generally will not permit an amount less than \$100,000 (or other amounts as specified by Cayman Islands law to the extent applicable). Fund interests are offered and sold solely to “accredited investors,” as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, the (“**Securities Act**”) and, unless waived in the discretion of the relevant General Partner, “qualified purchasers” as that term is defined under the Investment Company Act (or certain qualified knowledgeable Arcline personnel).

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Arcline intends to principally focus on pursuing leveraged buyouts of high-quality middle-market businesses operating in high-value industrials and industrial technology sectors, that are headquartered, or have a majority of their business interests, in the United States and/or Canada. More specifically, Arcline intends to target businesses with total enterprise values and revenue up to \$2 billion and \$750 million, respectively, operating in various industries, including aerospace and defense, energy transition, food and beverage, health and safety, life sciences, medical devices and micro-electronics. Arcline is also authorized to make investments in public securities, as well as debt investments.

Arcline’s investment strategy comprises several key factors: (i) an organizational structure designed to foster functional specialization and team productivity; (ii) well-defined, transparent internal processes to make both investment and portfolio company operational decision-making more efficient; (iii) a “business model-first” approach to investing, which is designed to expand Arcline’s addressable deal flow and allows for insights and lessons to be applied between sectors; (iv) deep internal research capabilities, reducing the likelihood of “off-strategy” or flawed investment decisions and increasing confidence in expected outcomes; (v) dedicated personnel—the AVCG—responsible for rigorously implementing value creation methodologies to drive recurring revenue, quantitative leadership development, and operational cost savings; and (vi) a prioritization of talent, collaboration and culture, both internally and within platform investments, designed to reduce risk in investment performance outcomes and enhance returns.

There can be no assurance that Arcline will achieve the investment objectives of any Fund and a loss of investment is possible.

Investment and Operating Strategy

Arcline intends to make portfolio investments using a structured and tested process that is based on the Arcline investment professionals’ knowledge and experience as implemented in the Funds. Steps in that process include:

- 1) *Sourcing*. Arcline believes that the prior experience and relationships of the Founders and Arcline’s other professionals help drive deal flow for the Funds. The Business Development Team is tasked solely with driving investment opportunities. Driving optimal deal flow requires regular and meaningful engagement with broad networks of potential sellers including the investment banking community, business owners, and other private equity firms. The

Business Development Team focuses those outreach efforts in targeted sub-industries based on the investment “micro-trends” identified by the Research Team and the Founders.

- 2) Filtering. Arcline has a robust process for filtering opportunities after they are sourced. In general, all opportunities for platform investments and portfolio company add-ons are logged, and the Business Development Team, the Founders, and senior members from the Underwriting Team and Research Team meet regularly to systematically review the current opportunities. For Arcline to pursue an opportunity, the underlying business generally must meet certain required elements in terms of industry structure, business model, size, growth prospects, and other factors. Opportunities that pass initial screening generally move to additional evaluation phases depending on the timing of the expected transaction and the circumstances with the target company.
- 3) Diligence / Underwriting. Once a potential investment opportunity has gone through initial screening and is believed to meet Arcline’s investment criteria, Arcline conducts a collaborative diligence and underwriting process including with Arcline team members, AVCG members, the Arcline Affiliated Law Firm, and as necessary, Consultants.
- 4) Execution and Allocation. The Arcline team members have considerable experience in all aspects of the negotiation, structuring, documentation, and consummation of middle-market private equity leveraged buyout transactions, including the purchase and debt financing agreements. The Arcline Affiliated Law Firm personnel also have significant experience working with the Arcline team members on the execution of such transactions from a legal perspective and, as a result of the Arcline Affiliated Law Firm’s involvement in most of Arcline’s transactions and the better alignment of interests between legal service providers, on the one hand, and Arcline and the Fund, on the other hand, as well as the Arcline Affiliated Law Firm’s development of institutional legal positions and precedent, Arcline believes that it is able to benefit from high quality, cost effective and more efficient legal services. The Founders provide final approval of key deal terms including purchase price. Subject to the terms of the Fund Governing Documents, Arcline seeks to allocate investment opportunities between Funds with overlapping investment mandates in accordance with Arcline’s allocation policy, as amended and in effect.
- 5) Portfolio Company Management and Add-Ons. During the lifecycle of an investment, the AVCG concentrates on identifying, defining and enabling a variety of value-enhancing initiatives at Arcline portfolio companies and implementing Arcline’s human capital management strategy. The Arcline Affiliated Law Firm is also often heavily involved in such efforts. With respect to add-ons to existing portfolio companies, Arcline generally follows a similar investment process as outlined above. In conjunction with the AVCG, Arcline also leverages an extensive network of Consultants that Arcline believes bring specific resources and expertise to bear in support of breakout initiatives.
- 6) Exit. The individuals on the Business Development Team regularly provide updates on Arcline portfolio companies to their respective networks. These discussions are intended to generate greater interest in the community of buyers for an eventual sale. In all cases, Arcline seeks to construct a bespoke exit strategy for each portfolio company, focused on seeking to maximize value by creating competition among credible buyers.

Risks of Investment

Each Fund and its investors bear the risk of loss that Arcline's investment strategy entails. The risks involved with Arcline's investment strategy and an investment in a Fund include, but are not limited to, those described below.

Investments in Private Companies; Business Risks. The Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the companies in which an investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war, pandemics and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist and investors should not invest unless they can readily bear the consequences of such loss.

Future and Past Performance; Loss of Principal. The Funds consist, in part, of newly organized entities that have no prior operating history or track record. Accordingly, such Fund do not have performance history for a prospective investor to consider. In considering the prior performance information of the Funds and/or the Founders' prior investments with other private equity sponsors, investors should understand that an investment in a Fund does not represent an interest in any such prior investments, nor is it necessarily indicative, or a guarantee, of the Fund's future results or the structure of the Fund's investments. An investor should not rely on any expectation and there can be no assurance that the risk/return profile of an investment in the Fund will resemble that of any prior Funds or of the Founders' prior investments. Rather, investors should only view an investment in the Fund as part of an overall investment strategy, and only if the investor is able to withstand a total loss of its investment in the Fund. Furthermore, while the General Partner intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved.

Investment in Junior Securities. The securities in which the Fund will invest will generally 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 the Fund's investment once made.

Concentration of Investments; Lack of Diversification. The Fund will participate in a limited number of investments and could make several investments in one industry or one industry segment or within a short period of time. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund is likely to invest in fewer portfolio companies and thus be less diversified. If Arcline offers a co-investment opportunity alongside the Fund, a Limited Partner participating outside the Fund in such co-investment would have increased exposure to a single investment through more than one fund, potentially increasing such Limited Partner's losses;

conversely, the Fund would have less exposure than if such Fund did not co-invest, potentially diluting returns.

Bridge Financing. The Fund is authorized to provide interim financing (“**Bridge Financing**”) to facilitate portfolio company investments. It is possible that all or a portion of any given Bridge Financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of the Fund retroactive to the date of the closing of such financing and, as such, subject to the preferred return and carried interest provisions of the Governing Documents. As a result, the Fund’s portfolio could become more concentrated with respect to such investments than initially expected or otherwise provided for under the Fund’s investment limitations, certain of which exclude Bridge Financing investments to the extent provided in the Governing Documents.

Leveraged Investments. The Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis. Leverage generally magnifies both the Fund’s opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), and which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Fund will also result in an interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

Leverage often also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio company investments will increase the exposure of the Fund’s investments to any deterioration in a given portfolio company’s condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund’s investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including circumstances where a portfolio company’s creditworthiness is such that it must borrow at higher interest rates than are available to the Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Except where otherwise required by the Governing Documents, the Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund’s creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the Fund will hold a larger than expected equity investment in such portfolio company and could realize lower than expected returns from the portfolio company that would adversely affect the Fund's ability to generate attractive returns for the Fund as a whole. Any failure by lenders to provide previously committed financing could also expose the Fund to potential claims by sellers of businesses which the Fund may have been contracted to purchase. After the Fund has financed a portfolio company, continued development and marketing of products may require that additional financing be provided from the Fund or a third party. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained.

The Fund is also authorized to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefore, and in such situations, it is not expected that the Fund would be compensated for providing such guaranty or exposure to such liability. Co-investors are expected to receive the benefit of such guaranty, although because co-investors typically do not agree to participate in guaranty arrangements in negotiating to participate in a transaction, co-investors are not expected to bear a commensurate percentage of potential liability. Any use of leverage by the Fund also will result in fees, interest expense and other costs to the Fund that could exceed, or otherwise not be covered by, distributions made to the Fund or appreciation of its investments. Additionally, while Fund-level borrowings generally will be subject to limitations set forth in the Governing Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding.

Subscription Lines. The Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or to make less frequent capital calls to Limited Partners. Fund-level borrowing subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the Limited Partners, Limited Partners would likely be obligated to contribute capital on an accelerated basis by the lender or otherwise if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional Fund expenses that will be borne by Limited Partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the Limited Partners and the terms of the Governing Documents, it could be higher than the interest rate a Limited Partner could obtain individually. To the extent a particular Limited Partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a

Limited Partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for Limited Partners to make contributions to the Fund, or results in short-term gains to the Fund, which in certain circumstances enhances the Fund's performance calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such calculations, particularly in instances where the relevant amount has been borrowed for an extended period of time. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of the Fund's investment period, and cause or defer a related change in the basis of the Fund's Management Fee calculation under the Governing Documents. Because a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of the Fund and the Limited Partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the General Partner's ability to consent to the transfer of a Limited Partner's interest in the Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the General Partner is authorized to request certain financial information and other documentation from Limited Partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and could agree to terms that are not the most favorable to one or more Limited Partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to such Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to acquire investments and pay Fund expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for Limited Partners that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger

capital calls at the same time. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Arcline for expenses incurred on behalf of the Fund. A Fund is also permitted to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, and in the absence of invested capital funded by Limited Partners, potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to Limited Partners and increase the potential carried interest for the General Partner, as reduced by the interest incurred by the Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the General Partner to permanently fund the acquisition and ongoing capital needs of the Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as needed basis, and, accordingly, capital contributions to repay such borrowings would be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are repaid out of disposition proceeds).

Investment- and Intermediate Entity-Level Borrowing. Under the Governing Documents, each Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as "back leverage" and net asset value ("NAV") facilities), and is permitted, directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles), to incur indebtedness, including to borrow money from any person, to make guarantees or to provide other credit support to any person, or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of the Fund, including, without limitation, to: finance any investment-related activities of the Fund; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing Limited Partners; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case, in accordance with the Governing Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio company (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Governing Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or to incur leverage with respect to all or a portion of the relevant investments, to the extent such borrowings or leverage, as the case may be, is non-recourse to the Fund.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the Commitments of the Limited Partners are invested (or drawn down to be invested), Limited Partners will generally be required to bear Management Fees through the Fund during the investment period based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the Governing Documents.

Competition for Investments. The Fund expects to encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, governments, individuals, financial institutions, family offices, strategic industry acquirers and other investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives as the Fund are expected to be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and more personnel than the General Partner, the Fund and their affiliates. Arcline expects that competition for appropriate investment opportunities has the potential to increase further, which increases the likelihood that the Fund will need to participate in more auctions, the outcome of which cannot be guaranteed, thus reducing the number of portfolio company investment opportunities available to the Fund and/or adversely affecting the terms upon which investments can be made. Participating in auctions also increases the pressure on the Fund with respect to pricing of a transaction. For example, given the increasingly competitive environment, Arcline may find it more difficult to obtain buyer-favorable terms in a transaction, such as receiving indemnification rights from the seller for breaches of representations or warranties or other liabilities, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund or the ability to terminate the transaction if there has been a material adverse change in the company's business prior to the closing of the portfolio company investment. In addition, competitors for an investment opportunity may be willing to offer seller-favorable terms in a transaction, such as replacing a financing-related closing condition with a "reverse break-up fee" and/or fund-level guarantees. Financing-related closing conditions are generally not available to the Fund in auctions and the Fund is generally required to provide a reverse break-up fee and/or Fund-level guarantee in connection with a potential investment, in which case the Fund would either be required to fund the reverse break-up or similar fee in connection with a potential investment that is not made or obligated to consummate a transaction on less favorable terms. There can be no assurance that the Fund will be able to locate, complete and exit investments that satisfy the Fund's rate of return objectives, or realize upon their values, or that it will be able to invest fully its committed capital. To the extent that the Fund encounters competition for investments, returns to Limited Partners may decrease including as a result of higher pricing, foregoing opportunities, or negotiating fewer transactional protections in order to remain competitive. Additionally, the Fund is expected to incur bid, due diligence, negotiating, consulting or other costs of investments, which may not be successful. In such circumstances, the Fund likely would not recover any such costs, which would adversely affect returns.

Unspecified Investments. A purchaser of Limited Partner interests in the Fund must rely upon the ability of the General Partner to identify, structure and implement investments consistent

with the Fund's investment strategy and policies. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory, or political environment. There can be no assurance that the Adviser will be able to locate, or the Fund will be able to complete portfolio company investments that satisfy the Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values or that the Fund will be able fully to invest its committed capital.

Sector Concentration. The Fund will principally pursue leveraged buyouts of high-quality middle market businesses, concentrating on investments in the industrials and industrials-technology sectors. Such sector focus may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. Instability, fluctuation or an overall decline within the industrials and industrials-technology sectors may not be balanced by investments in other industries not so affected. If such sectors decline, returns to the Fund are expected to decrease.

Dynamic Investment Strategy. While the General Partner generally intends to seek attractive returns for the Fund primarily through making control-oriented, operationally-focused investments in businesses that can be strategically repositioned into new end markets, the General Partner reserves the right to pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner reserves the right to pursue investments outside of the industries and sectors in which the Founders have previously made investments or have internal operational experience, as the Fund is not restricted in terms of the percentage of its capital that can be invested in a particular industry or sector. The Fund is also permitted to invest in public equity and private and public debt securities, including debt securities of affiliated portfolio companies, which may be purchased at a discount in secondary market transactions. While the Governing Documents contain a description of the types of investments that the Fund is expected to make, many factors may contribute to changes in emphasis in the construction of the portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of the Fund will resemble any prior investment portfolio.

Due Diligence Risks. Before making investments, the General Partner and/or the Adviser will conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may 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 and AVCG members and AALF personnel will be involved in the due diligence process to varying degrees depending on the type of investment, and related costs will be borne by the Fund. The involvement of third-party advisors or consultants may present a number of risks primarily relating to the General Partner's reduced control of the functions that are outsourced. In addition, if the General Partner and/or the Adviser 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 General Partner and/or the Adviser will rely on the resources available to them, including information provided by the target company and, in some circumstances, third-party investigations. The due diligence investigation

that the General Partner and/or the Adviser carries out with respect to any investment opportunity will not reveal or highlight all relevant facts that are necessary or helpful in evaluating the investment opportunity. Moreover, the investigation will not necessarily result in the investment being successful.

Illiquidity; Lack of Current Distributions. An investment in the Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the Management Fee payable to the General Partner) could exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

No Market for Interests; Restrictions on Transfer; No Right of Withdrawal. Limited Partner interests in the Fund may not generally be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the General Partner, which may be withheld pursuant to the Partnership Agreement, and the volume of transfers permitted in any calendar year may be restricted in order to comply with certain safe harbors established under applicable tax law and regulations. Voluntary withdrawals from the Fund will not be permitted except in very limited circumstances generally involving situations where retaining an interest in the Fund would violate certain laws or regulations or otherwise cause the Fund to experience material adverse effects. In addition, interests in the Fund are not redeemable. There will be no public market for interests in the Fund, and none is expected to develop. Interests in the Fund have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not contemplated that registration of the interests in the Fund will ever be effected. Limited Partners may not be able to liquidate their investments prior to the end of the Fund's term and must be prepared to bear the risks of an investment in the Fund for an indefinite period of time.

Risks in Realizing Breakout Potential. The success of the Fund's investment strategy will in large part depend on the ability of the Fund to identify and realize breakout potential in businesses based on operational initiatives identified during diligence. This activity entails a high degree of uncertainty and doing so may divert the attention of key personnel and disrupt normal business. There can be no assurance that the Fund will be able to successfully accomplish this objective.

Changes to Benchmark Interest Rates. To the extent that the 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 Fund and its 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.

Secondaries and other General Partner-Led Transactions. There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and Arcline reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by the Adviser following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing Limited Partners and maintaining exposure to an asset where the Adviser believes there is the potential for additional value generation. Where undertaken, existing Limited Partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by the Adviser and its affiliates), often on different terms than their original investment in the Fund. However, certain of such transactions are expected to involve: a Limited Partner investing (or being required to invest) additional capital in the existing Fund and/or other investment vehicles, a greater exposure to one or more particular portfolio companies, and/or a delay in the full liquidation of the Fund's investment. In other circumstances, even Limited Partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of the Fund or Limited Partner and those of the Adviser or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where the Adviser or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of Limited Partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, the Adviser, the General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent Arcline requires existing Limited Partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Arcline in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified ratios to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its Limited Partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the Arcline is expected to be incentivized, including through the possibility of receiving additional compensation, to make investments in portfolio companies with the view

of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as Limited Partners in the Fund, and in such circumstances the Adviser reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain Limited Partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to Limited Partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that the Adviser will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of the Fund or any individual Limited Partner or group of Limited Partners. However, the Adviser reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the Governing Documents. Arcline is permitted to seek the consent of the Fund advisory committee to approve conflicts associated with such transactions and accordingly not all Limited Partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

Labor Relations. Certain portfolio companies may have unionized work forces or personnel who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any of any such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business, results of operations and financial condition. Any such problems additionally may bring scrutiny and attention to the Fund itself, which could adversely affect the Fund's ability to implement its investment strategy.

Control Investments. The Fund, either alone or together with co-investors, is expected to hold controlling interests in many of the portfolio companies in which it invests. The exercise of such control by the Fund may result in additional risks of liability for violations of governmental regulations (including securities laws), failure to supervise management or other types of liability in which the general limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Fund might suffer significant and material losses. Even when the Fund prevails in any such claims for liability, it may incur significant costs of defending against those claims. If the Fund co-invests with another investment fund (including another Fund), an investor invested in such other investment fund may have exposure to a single portfolio company investment through more than one Fund, potentially multiplying such investor's losses.

Active Management. The Fund expects to take majority positions in certain portfolio company investments, which may be alongside other investors, such as institutions, other pooled

investment vehicles and management. Depending upon the amount of equity owned by the Fund, any relevant contractual arrangements between a portfolio company and the Fund, and other relevant factual circumstances, such majority position could result in an extension of the ninety-day bankruptcy preference period to one year or longer with respect to payments made to the Fund. In addition, because of its equity ownership, representation on the board of directors, and/or contractual rights, the Fund may often be thought to control, participate in the management of, or influence the conduct of such portfolio companies. This could expose the assets of the Fund to claims by such portfolio company, its personnel, its other security holders, its creditors, its customers or governmental agencies.

Growth-Equity Transactions. The Fund's strategy includes targeting growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments generally involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. In particular, the lack of an active initial public offering market can hurt valuations of such investments and discourage new investment in the growth equity sector and limit portfolio company exit opportunities for the Fund. Such portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

PIPE Investments. The General Partner expects to selectively and opportunistically pursue private investments in public equities ("PIPE") investments or private financing of public companies. PIPE investments may be purchased directly from a publicly traded company in a private placement transaction, typically at a discount to the market price of the company's common stock. In a PIPE transaction, the Fund typically bears the price risk from the time of pricing until the time of closing. The Fund will generally not be able to sell or distribute PIPE investments unless the securities are registered under applicable securities laws or an exemption from such registration is available. In addition, even after the securities are saleable, it may take a significant period of time for the Fund to sell or distribute PIPE securities in an orderly manner during which time profit could have otherwise been realized or loss avoided, and in some cases the Fund may be prohibited by contract or law from selling such public company securities for a period of time. In addition, the Fund's sales of thinly traded securities could depress the market value of such securities. These circumstances or events could reduce the Fund's profitability. Disposition of the Fund's public company investments may result in distributions in kind to Limited Partners.

Early Stage and Start Up Investments. The Fund expects to selectively and opportunistically make investments in start-up and early stage companies. These types of companies have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Fund, if any are made, will be successful.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Fund's investments will be difficult to value. Certain investments are permitted to be distributed in kind to the Partners 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 Partners. After a distribution of securities is made to the Partners, many Partners 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 Governing Documents, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

Limited Access to Information. Limited Partners' rights to information regarding the Fund, the General Partner or Arcline generally will be specified, and in many cases strictly limited, by the Fund's Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to the Fund's investments that will not be disclosed to Limited Partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Arcline's control. Decisions by Arcline or its affiliates to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example, a Limited Partner that seeks to transfer its interest in the Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a Limited Partner to monitor Arcline and its performance. Additionally, it is anticipated that Limited Partners that designate representatives to participate on the Fund's Advisory Board generally may, by virtue of such participation, have more or earlier information about the Fund and its investments in certain circumstances than other Limited Partners. Limited Partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the Fund succeeds in asserting confidentiality for requested documents and other materials, and Arcline reserves the right to withhold certain information from investors subject to such laws for reasons relating to Arcline's public reputation, business strategy or other reasons.

Material Non-Public Information; Other Regulatory Restrictions. In the course of its operations, as well as in connection with officerships or directorships of Arcline personnel, Arcline frequently comes into possession of confidential or material, non-public information. Therefore, Arcline and its affiliates will have access to material, non-public information that may be relevant to an investment decision to be made by the Fund. Consequently, the Fund may be restricted 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 Arcline's internal policies and practices. Due to these restrictions, the 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.

Similarly, anti-money laundering, anti-boycott, economic and trade sanction, national security and data protection laws and regulations in the United States and other jurisdictions may prevent Arcline or the Funds from entering into transactions with certain individuals or jurisdictions. The U.S. Committee on Foreign Investment reviews the national security implications of foreign investments in U.S. companies or operations and may challenge, impose conditions on, or reject those investments. Additionally, antitrust laws in the United States and

other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to also challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them. Data protection laws in Europe and other jurisdictions (discussed under "Data Protection and Privacy" below) may require regulators to consider access to and ability to control sensitive information in assessing the security profile of a proposed transaction or investment, which could make it more difficult to consummate.

As a result of any of the foregoing, the Fund may be adversely affected because of Arcline's inability or unwillingness to participate in transactions that may violate or implicate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent the Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Arcline or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

CFIUS and National Security Investment Clearance. Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as the Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, personnel, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent the Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect the Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. Limited Partners comprise a substantial percentage of the Fund. Under the Governing Documents, the General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. Limited Partners' ability to invest in U.S. businesses (or to exercise voting or advisory committee rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

Financial Institution Risk; Distress Events. An investment in the 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 (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, Arcline, any General Partner, a Fund and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate 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 often 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 Arcline to manage the Funds and the Funds' investments, and on the ability of Arcline, 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 a 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 a Fund to access capital contributions or otherwise); the inability of a Fund to acquire or dispose of investments, including at prices that the General Partner believes reflect the fair value of such investments; and/or the inability of Arcline 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 Arcline 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 Arcline 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. A Fund and its portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of the 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 the 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 Arcline and/or a Fund maintain all or a set amount or percentage of its respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Arcline seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Arcline 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.

Environmental, Social and Governance Matters. Arcline maintains a Responsible Investment Policy, which it and the General Partner intend to apply as applicable to the Fund's investment portfolio, consistent with and subject to their fiduciary duties and applicable legal, regulatory or contractual requirements. Applying ESG factors is subjective by nature, and Arcline expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG (including the role of ESG factors in the investment process). There is no guarantee that the criteria utilized or judgment exercised by the General Partner or a third-party ESG advisor will reflect the beliefs, values, internal policies or preferred practices of any particular Limited Partner or other asset managers or reflect market trends. Although Arcline views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, Arcline cannot guarantee that its ESG program will positively impact the performance of any individual investment or Fund. For avoidance of doubt, however, Arcline does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

The materiality of ESG factors depends on many factors, including the relevant industry, location, asset class and investment strategy. ESG factors, issues and considerations do not apply in every instance and will vary by Fund and investment. Additionally, ESG factors are only some of the many factors the General Partner will consider in making an investment. Although Arcline considers the application of its Responsible Investment Policy to be an opportunity to enhance or protect the performance of its investments over the long-term, Arcline cannot guarantee that its ESG program, which depends in part on qualitative judgments, will positively impact the financial, climate or ESG performance of any individual investment or the Fund as a whole. To the extent that the General Partner engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial or ESG-related performance, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the General Partner will depend on the General Partner's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. In evaluating a company, the General Partner is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause the General Partner to incorrectly identify, prioritize, assess or analyze a company's ESG-related practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or the General Partner's assessment of such practices may change over time. In addition, Arcline's Responsible Investment Policy and associated procedures and practices, are expected to change over time. Arcline in certain circumstances could determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other considerations. It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for the General Partner to adhere to all elements of the Fund's investment strategy, including with respect to ESG risk and opportunity management and impact, whether with respect to one or more individual investments or to the Fund's portfolio generally.

There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained

momentum across the U.S., with several states and Congress having proposed or enacted “anti-ESG” policies, legislation, or initiatives or issued related legal opinions. the definition, measurement and disclosure of ESG factors. Arcline’s ESG program and the General Partner could become subject to different and/or additional regulation, regulatory scrutiny, penalties or enforcement in the future, and Arcline cannot guarantee that its ESG program will continue to be used or will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs.

Reliance on the General Partner and Portfolio Company Management. Control over the conduct and operation of the Fund will be vested with the General Partner, and the Fund’s future profitability will depend largely upon the business and investment acumen of the Founders. The loss or reduction of service of one or both of the Founders could have an adverse effect on the Fund’s ability to realize its investment objectives. In addition, the Founders currently manage several Funds and expect in the future to manage other investment funds. The Founders would be expected to devote substantial amounts of their time to the investment activities of such other funds, which could create conflicts of interest in the allocation of the time of the Founders. Limited Partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company’s management team to operate such portfolio company on a day to day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund’s objectives.

Uncertainty of Projections and Outside Reports. The General Partner will generally establish the capital structure of portfolio companies and the terms and targeted returns of investments on the basis of financial and other projections for such investment. Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by such company’s management, with adjustments to such projections made by Arcline in its discretion. Estimates or projections of economic and market conditions, supply and demand dynamics and other key investment-related considerations are key factors in evaluating potential investment opportunities and implementing the Fund’s investment strategy. It is possible for such estimates and projections to be significantly revised, creating significant changes in the value of any such portfolio company subject to such factors. Projected operating results will normally be based primarily on management judgments or third-party reports. 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 any projections, forecasts or estimates relied on by the General Partner will prove to be accurate or that projected, forecasted or estimated results will be realized. General economic, natural and other conditions, which are not predictable, can have a material adverse impact on the reliability of such projections, forecasts or estimates. Moreover, assumptions or projections about asset lives,

the stability, growth or predictability of costs, demand or revenues generated by an investment or other associated factors may, due to various risks and uncertainties, differ materially from actual results.

Separately, certain portfolio companies, as well as the Fund, will rely on the reports of technical consultants when evaluating the condition of certain assets. The actual condition of the assets may be worse than anticipated, requiring additional capital or maintenance expenditures that may not be recoverable, allocable to end-users or economical from a stand-alone perspective.

Conflicting Investor Interests. Limited Partners will have conflicting investment, tax and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. These conflicting interests may relate or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the General Partner, including with respect to the nature or structuring of investments that may be more beneficial for one investor, including the General Partner, than for another investor, especially with respect to investors' individual tax situations. In addition, the Fund may make investments that may have a negative impact on related investments made by the Limited Partners in separate transactions including co-investments.

In selecting, structuring, acquiring and disposing investments appropriate for the Fund, the General Partner will consider the investment and tax objectives of the Fund and the Limited Partners as a whole (and investors in any other investment vehicles managed or advised by Arcline that participate in the same investments as the Fund). However, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicles, "blockers", intermediate entities or other structures used to facilitate their investments in, through or below the Fund. In addition, the interests held by a relatively small number of Limited Partners may be significantly larger than those held by other Limited Partners, which could have a material impact on the outcome of matters requiring Limited Partner consent or approval.

United Kingdom ("UK") Exit from the European Union (the "EU"). The UK formally left the EU on January 31, 2020 ("**Brexit**"). After a transition period that ended on December 31, 2020, EU rules ceased to apply in the UK. The terms of the UK's future relationship with the EU were agreed in a trade and cooperation agreement. However, the agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could

result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of the Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on the Fund and its investments, including the ability of the Fund to achieve its investment objectives.

The legal, political and economic uncertainty and disruption generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Arcline and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

International Conflicts. Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict 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 global 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 could have a significant adverse impact and result in significant losses to the Funds. This impact could include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It could also limit the ability of the Fund 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) could 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 Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

Public Company Holdings. The Fund's investment portfolio may contain debt and/or equity securities issued by publicly held companies. Such investments could subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and

board members, including the Partners, and increased costs associated with each of the aforementioned risks.

Fixed-Income Securities. The Fund expects to selectively and opportunistically invest in bonds or other fixed-income securities of U.S. and non-U.S. issuers acquired in the secondary market, including bank debt, corporate debt, mezzanine debt, loans, notes, debentures, and commercial paper, as well as derivatives thereon. Fixed income securities are subject to credit and interest rate risks. “Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument and how this risk changes over time. Financial strength and solvency of an issuer and the priority of the lien are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Certain of the fixed-income securities may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, certain fixed-income securities may provide for payments-in-kind interest, which has a similar effect of deferring current cash payments.

The Fund will be dependent upon the judgment of the General Partner as to the credit quality of the securities. There can be no assurance that the General Partner will be successful in assessing the credit risk of the different investments or mitigating the impact of credit risk changes. A borrower’s ability to repay its debts may be adversely affected by numerous factors, including, without limitation, the failure to meet its business plan, a downturn in its industry or negative economic conditions. Securities that become non-performing may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the security. However, even if such restructuring were successfully accomplished, a risk exists that upon maturity of such security, replacement “take-out” financing will not be available. There is no assurance that the value of any collateral will be sufficient to protect all or a portion of the related security. Deterioration in a borrower’s financial condition and prospects may be accompanied by deterioration in the value of any collateral and a reduction in the likelihood of capitalizing on any guarantees that may have been obtained from the borrower or other parties. A borrower’s failure to satisfy financial or operating covenants imposed under the related security could lead to defaults and, potentially, acceleration of the time when the investment is due. Foreclosure on the borrower’s assets securing an investment could trigger cross defaults under other debts of the borrower (or vice versa), and could result in prepayment of the security or jeopardize the borrower’s ability to meet its obligations, and could have a material adverse effect on the value of any related junior securities of such borrower that the Fund may hold.

Furthermore, the General Partner cannot assure that other claims may not be asserted that might interfere with enforcement of the Fund’s rights. The General Partner cannot guarantee the adequacy of the protection of the Fund’s interests, including the validity or enforceability of the applicable investment contract and the maintenance of the anticipated priority and perfection of any applicable security interests. A default by a borrower may result in the Fund being unable to liquidate the related securities prior to the termination of the Fund; and such securities may end up being restructured on terms that might result in the Fund being unable to liquidate it prior to the termination of the Fund. This could cause the Limited Partners to receive in-kind distributions in respect of such investments upon the termination of the Fund.

Lack of Unilateral Control. Even if the Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, is subject to terms and conditions imposed by portfolio company lenders, or makes a minority investment, the portfolio company may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Fund or its Limited Partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. If taking non-control positions, the Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

Corporate Debt. The Fund selectively and opportunistically expects to invest in investment grade or high-yield corporate debt obligations. These obligations are subject to the risk of an issuer's inability to meet scheduled principal and/or interest payments on the obligations (credit risk), reducing the income to the Fund and/or a reduction in the value of the obligation experiencing non-payment.

Mezzanine Debt. The Fund selectively and opportunistically expects to invest in mezzanine debt securities, which by the nature of their issuers' leveraged capital structures will involve a high degree of financial risk. These securities may be unsecured and/or subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. In addition, these securities may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Mezzanine investments often reflect a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Mezzanine investments are often issued in connection with leveraged acquisitions or recapitalizations, in which the issuer incurs a substantially higher amount of indebtedness than the level at which it had previously operated. Some issuers of the Fund's investments may be highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. Overall adverse conditions in the high yield bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity.

Distressed Investments. The Fund may opportunistically invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including portfolio companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such portfolio companies involve a substantial degree of risk that is generally higher than the risk involved in investing in portfolio companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the General Partner will correctly evaluate the value of the assets of a distressed

portfolio companies securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such portfolio companies. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

Need for Follow On Investments. Following its initial investment in a given portfolio company, the Fund is permitted to decide to provide additional funds to such portfolio company or to 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 can be no assurance that the Fund will make follow on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow on investments or its inability to make such investments may have a substantial negative impact 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 Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party or co-investor is permitted to invest.

Adequacy and Availability of Insurance. While the Fund may seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses, and/or a replacement or rehabilitation. Certain losses of a catastrophic nature, such as those caused by wars, natural disasters (such as earthquakes, fire, hurricanes, floods, tornadoes, tsunamis, windstorms, volcanic eruptions, earthquakes and typhoons), terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact the Fund's profitability.

Not all investments may be insured against all potential causes of damage or loss. If a major uninsured loss occurs, the Fund could lose both invested capital in and anticipated profits from the affected investments. The relevant liability standards under insurance coverage procured by the General Partner are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability.

Non-U.S. Investments. The Fund expects to selectively and opportunistically invest in portfolio companies that are organized, headquartered and/or have substantial sales or operations outside of the United States, its territories and its possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates capital repatriation

regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. Investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Foreign Investment Controls. Foreign investment in securities of companies in certain of the countries in which the Fund is permitted to invest may be restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Fund. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Fund, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Fund invests or in other jurisdictions.

Minority Investments. The Fund expects to opportunistically invest in certain portfolio companies, including those in which the Fund makes growth equity investments, where the Fund will hold a minority stake for which the Fund has no right to exert significant influence, and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if the Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals. Further, the Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. Finally, such companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position and/or to expand or develop management resources.

Investments Longer than Term. The Fund may make investments that may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that the Fund will be dissolved and wound up, either by expiration of the Fund's term or otherwise. Although the General Partner expects that investments will be disposed of prior to termination or be suitable for in-kind distribution at termination and the General Partner has a limited ability to extend the term of the Fund, the Fund could be required to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of termination. In addition, the business of the Fund includes the realization and distribution of the Fund's assets during a wind down of the Fund's operations. Therefore, while upon the dissolution of the Fund the General Partner will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Fund as the General Partner deems it advisable to sell, subject to obtaining fair value for those assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur.

Hedging Arrangements; Related Regulations. The General Partner is authorized (but is not obligated) to endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds are permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the CFTC or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of the Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Sanctions Compliance Considerations. Economic sanction laws in the United States and other jurisdictions may prohibit or otherwise restrict the General Partner, the Fund, its portfolio companies and their respective officers, directors and personnel from engaging in transactions in or relating to certain countries and industry sectors, and relating to certain individuals and entities. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and U.S. Department of State administer and enforce laws, executive orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, purchase of debt and equity in, and the provision of services to, certain foreign countries, territories, industry sectors, entities and individuals. These persons and entities

include specially designated nationals and other persons and entities targeted by OFAC sanctions programs. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. Other jurisdictions where Arcline, the General Partners, the Funds and their portfolio companies may operate from time to time may have similar sanctions programs. These types of sanctions and similar laws and regulations in non-U.S. jurisdictions may significantly restrict the Fund's direct or indirect investment activities in certain countries. The economic sanctions and related laws of different jurisdictions in which the Fund makes investments also may conflict with one another, such that compliance with all applicable laws may be difficult. Failure by the General Partner, the Fund or any of the Fund's portfolio companies to comply with OFAC or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties.

Sanctioned Investors. If after subscribing to a Fund a Limited Partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "**Sanctions List**"), the relevant General Partner 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 Limited Partner 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 Fund.

Anti-Corruption & Anti-Boycott Considerations. The U.S. Foreign Corrupt Practices Act ("**FCPA**"), the U.K. Bribery Act ("**UKBA**") and other anti-corruption and anti-bribery laws, as well as U.S. anti-boycott regulations may impact the General Partner, the Fund and the Fund's portfolio companies. The Fund may be adversely affected or miss out on opportunities because of the General Partner's unwillingness to participate in transactions that potentially violate such laws and regulations. Such laws and regulations may make it difficult in certain circumstances for the Fund to act successfully on investment opportunities or to obtain or retain business. In recent years, U.S. regulators have been increasingly focused on private equity sponsors' compliance with the FCPA. Any policies and procedures that may be adopted by the General Partner to comply with the FCPA or similar laws may not be effective in all instances to prevent violations. In addition, despite any policies that the General Partner may seek to implement at portfolio companies, portfolio companies or their affiliates may engage in activities that could result in FCPA violations. Any determination that the General Partner, the Fund, its portfolio companies or any of their respective officers, directors or personnel has violated the FCPA, the UKBA or other applicable anti-corruption laws, anti-bribery laws, or U.S. anti-boycott regulations, could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and/or a general loss of investor confidence, any one of which could adversely affect the Fund's business prospects and/or financial position, as well as the ability to achieve its investment objective and/or conduct its operations. The Fund will require that each Limited Partner represent and warrant its compliance with applicable anti-corruption and anti-bribery laws and regulations. The Fund and the General Partner will have no liability whatsoever for any liabilities, costs, expenses, damages or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and other professional costs and expenses) incurred by any Limited Partner as a result of actions taken as deemed necessary by the Fund or

the General Partner for compliance with anti-corruption and anti-bribery laws and regulations or compliance with anti-boycott laws and regulations.

Recycling; Reinvestment. The General Partner has the right to recall a portion of capital returned from investments as provided in the Governing Documents. Accordingly, during the term of the Fund, a Limited Partner may be required to make capital contributions in excess of its Commitment and to the extent such recalled or retained amounts are reinvested in new investments, a Limited Partner will remain subject to investment and other risks associated with such investments.

Fund Expenses; Portfolio Company Charges. The Fund will pay and bear all expenses related to its operations whether or not the Fund makes any profits. The amount of these expenses will be substantial and will reduce the actual returns realized by the Limited Partners on their investment in the Fund. In addition, the Fund, the General Partner, the AVCG or any member thereof and the AALF or personnel thereof are permitted to charge a portfolio company and/or a prospective portfolio company for any costs (including those of the AVCG, Consultants and/or the AALF) to the extent the General Partner reasonably determines such costs are attributable to such portfolio company and/or prospective portfolio company or the Fund's investment or prospective investment therein or liquidation thereof. However, the Fund will generally directly bear all such costs in respect of portfolio companies in which the Fund does not hold a controlling interest, causing the Fund to bear a disproportionate share of those costs vis-à-vis other equity holders of those portfolio companies.

Carried Interest Deferral. The General Partner will, in certain circumstances, defer (but not waive) certain carried interest otherwise distributable to the General Partner as provided in the Partnership Agreement. Any such deferral, while generally accelerating the return of capital to the Limited Partners, could nonetheless have an adverse impact on the long-term retention of Arcline personnel who participate in the carried interest and more generally the alignment of those persons' interests with those of the Fund. In addition, such deferral of carried interest could positively impact Fund performance figures in some methods of calculation therefore also benefiting the Adviser.

Transfer by General Partner. To the extent the General Partner, the Founders, the General Partner's other partners and/or their respective affiliates have committed to make a direct or indirect investment in or alongside the Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to those express limitations thereon in the Governing Documents.

Effects of Excuse and Exclusion. A Limited Partner's participation in an investment may be limited by virtue of the General Partner's right to exclude a Limited Partner from, or a Limited Partner's right to be excused from, participating in certain investments as set forth in the Governing Documents, thereby increasing the participation of other Limited Partners. As a consequence of one or more Limited Partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of even one investment by the Fund. The performance of one or more substantial investments may have a significant impact on the overall performance of the Fund.

Secondary Transfers of Fund Interests. To the extent that the General Partner has discretion to consent to a transfer of an interest in the Fund pursuant to its Governing Documents, and subject to any restrictions therein, the General Partner is authorized to identify one or more persons (including investors in one or more other Funds or persons that are not investors, but may in the future invest, in any other Funds) to potentially acquire such interest, and may take into consideration a variety of factors as it deems necessary in exercising its discretion with respect to such a transfer, similar to the factors employed in selecting co-investors discussed below in “Conflicts of Interest.”

Risks Arising from Providing Managerial Assistance. The General Partner intends to conduct the operations of the Fund so that the assets of the Fund do not constitute “plan assets” of any plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or Section 4975 of the Internal Revenue Code of 1986, as amended, that invests in the Fund and may, in this regard, elect to operate the Fund as a “venture capital operating company” (“VCOC”) within the meaning of regulations promulgated under ERISA. Operating the Fund as a VCOC would require that the Fund obtain rights to substantially participate in or influence the conduct of the management of a number of the Fund portfolio companies. The Fund may appoint one or more representatives to serve on the board of directors (or similar governing body) of one or more portfolio companies as to which it obtains such management rights. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund’s representatives, and ultimately the 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 the Fund’s investment activities. Co-investors and/or co-investment vehicles may indirectly benefit from the appointment of such directors, although co-investors (including their respective co-investment vehicle, even if managed by Arcline) will not typically bear the cost of liability insurance related to such appointment to the extent additional liability insurance is purchased by the Fund.

Limitation of Recourse and Indemnification. The Governing Documents limit the circumstances under which the General Partner and its affiliates will be held liable to the Fund, subject to applicable law. As a result, Limited Partners could have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Governing Documents require the Fund to indemnify the General Partner and its general partner, the Adviser, their respective owners, members, managers, shareholders, partners, directors, officers, advisors, assigns, representatives and affiliates, agents and personnel, all of their respective successors, heirs and assigns and the members of the Advisory Board for liabilities incurred in connection with the affairs of the Fund and otherwise as provided in the Governing Documents. Such liabilities could be material and have an adverse effect on the returns to the Limited Partners. For example, in their capacity as directors of portfolio companies, the partners or affiliates of the General Partner could be subject to fraudulent transfer, derivative or other similar claims brought by shareholders or creditors of such companies. The indemnification obligation of the Fund will be payable from the assets of the Fund, including the unfunded Commitments of the Limited Partners. If the assets of the Fund are insufficient, the General Partner is authorized to recall distributions previously made to the Limited Partners (subject to certain limitations set forth in the Governing Documents). It is possible that these liabilities of the Fund are not resolved prior to the date that the Fund will be

dissolved and wound up. Furthermore, as a result of the provisions contained in the Governing Documents, the Limited Partners will have a more limited right of action in certain cases than they would in the absence of these provisions. It should be noted that the General Partner is authorized to cause the Fund to purchase insurance for the Fund, the General Partner, the Adviser and their personnel, agents and representatives or other indemnitors exposed to liability prior to the Fund. Although the Governing Documents generally contain broad exculpation and indemnification provisions, such provisions do not constitute a waiver of any person's non-waivable federal fiduciary duties to the Fund under the Advisers Act.

Possibility of Fraud or Other Misconduct of Personnel and Service Providers. Misconduct by (i) Arcline's personnel, (ii) portfolio company directors, officers or personnel, and (iii) agents and service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Fund and/or the General Partner and cause significant losses to the Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). These activities may result in reputational damage, litigation, business disruption, market or industry segment volatility, and/or financial losses to the Fund. Arcline has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

Liability of the Limited Partners. Unlike the General Partner, which has unlimited liability for all debts and obligations of the Fund, the total liability of a Limited Partner to the Fund is generally limited to the amount of its Commitment, except in certain circumstances whereby such Limited Partner was involved in the management or otherwise engaged in the conduct of the business of the Fund or externally represented the Fund. Any Limited Partner's Commitment is susceptible to risk of loss as a result of any liability of the Fund irrespective of whether such liability is attributable to an investment to which such Limited Partner contributed any capital. If the Fund is otherwise unable to meet its obligations, the Limited Partners may, under applicable law, be obligated to return to the Fund or to creditors whose interests have been injured distributions previously received by them pursuant to any rules regarding fraudulent conveyances. In addition, a Limited Partner may be liable under applicable bankruptcy law to return a distribution made during the Fund's insolvency.

Litigation. The transactional nature of the business of the Fund exposes the Fund, the General Partner and their respective affiliates generally to the risk of third-party litigation. In the ordinary course of its business, Arcline, the Fund, its portfolio companies and their respective affiliates may be subject to litigation. Litigation and other proceedings may include, but are not limited to, actions relating to breach of fiduciary duty, appraisal, intellectual property, international trade, commercial arrangements, product liability, environmental, health and safety, joint venture agreements, anti-corruption, anti-money laundering, labor and employment or other harms resulting from the actions of individuals or entities outside of Arcline's control. Under the Partnership Agreement, the Fund will generally be responsible for indemnifying the General Partner and certain of its personnel, officers, and affiliates for costs they may incur with respect to

such litigation not covered by insurance. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's and its partners' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. Additional regulation could also increase the risks of third-party litigation.

Advisory Board Decisions. The General Partner will appoint one or more unaffiliated Limited Partner representatives to the Advisory Board, which has the ability to review and waive compliance with certain provisions of the Governing Documents, including resolving potential conflicts of interest situations, and whose approval is required or may be requested in certain circumstances under the Governing Documents, including certain approvals or consents required by U.S. federal securities laws. Pursuant to the terms of the Partnership Agreement, all Limited Partners are bound by the determinations of the Advisory Board, regardless of whether a Limited Partner is represented by a member of the Advisory Board. The Governing Documents provide that to the fullest extent permitted by applicable law, none of the Advisory Board members owe any fiduciary duties to the Fund or any other Partner. Members of the Advisory Board may have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the Advisory Board for consideration or review. In addition, certain representatives of the Advisory Board are expected to have various business and other relationships with the Adviser and its partners, officers, directors, personnel and affiliates. Any such relationships could influence their decisions as members of the Advisory Board. To the extent that a Limited Partner is not represented by a member of the Advisory Board, such Limited Partner will have no influence over matters submitted to the Advisory Board for review or approval.

Concentration of Voting by Limited Partners and Advisory Board. The Limited Partners and the Limited Partners of any parallel funds generally vote on all matters on a combined basis and based on aggregate Commitments as set forth in the Governing Documents. Accordingly, action by Limited Partners in a parallel fund or actions by relatively large investors could affect the outcome of votes submitted to the Fund. In particular, anchor investors individually, or together with each other or one or more of a small group of Limited Partners, may hold at least a majority-in-interest of the Commitments of the Fund and the parallel funds or control the vote of the Advisory Board. As a result, any matters with respect to the Fund that require, or which may be submitted to, such a vote or consent of the Limited Partners or the Advisory Board may be directed or controlled by such investor or a relatively small group of investors. Voting rights may continue to be controlled or influenced by one or a relatively small group of investors throughout the life of the Fund. Such investors may have business and other relationships with Arcline and its personnel that may influence their voting on any matter and present conflicts of interest.

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, 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 increases 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 the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This would likely slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn would likely have an adverse effect upon the Fund's portfolio companies.

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 in the 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 Fund.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — 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 (military or otherwise) may cause additional disruption and may constrain or alter existing financial, legal and regulatory frameworks and systems 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 their 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, the General Partners and Arcline 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.

Market Conditions. The private equity industry generally and the success of the Fund's investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the General Partner. The capital markets have experienced great volatility and financial turmoil in recent times. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General

fluctuations in the market prices of securities and economic conditions generally have the potential to reduce the availability of attractive investment opportunities for the Fund and affect the Fund's 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 and/or inflationary conditions) also increases the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's 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, and/or the COVID-19 pandemic, 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 Fund's performance. Volatility and illiquidity in the financial sector could have an adverse effect on the ability of the Fund to sell and/or partially dispose of its portfolio company investments. Related adverse effects could include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Fund is 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 Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's 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 and increase in prevailing interest rates has made it more difficult for investment funds, such as the Fund to obtain favorable financing for investments. The Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Such risks increase in a rising interest rate environment. 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 Fund to realize its investments at favorable times or for favorable prices.

Inflation. High rates of inflation and rapid increases in the rate of inflation are expected to have a significant impact (often a negative or adverse impact) on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have corresponding impacts (often negative) on the level of economic activity and also potentially result in market or financial sector uncertainty as a result of unintended consequences. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Fund's investments and the Fund's aggregated returns. For example, if a company were unable to increase its revenue while the cost of relevant inputs were increasing, the company's profitability would likely suffer. Likewise, to the extent a company has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, the company could increase revenue by less than its expenses increase. Conversely, as inflation declines, a company may see its competitors' costs stabilize sooner or more rapidly than its own.

Cybersecurity Breaches and Identity Theft. The Adviser's, the General Partner's, the Fund's and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Adviser, the General Partner, the Fund and/or a portfolio company likely will have to make a significant investment to fix or replace them to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's, the General Partner's, the Fund's and/or a portfolio company's operations, including the ability to make distributions to Limited Partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Adviser's, the General Partner's, the Fund's and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims (from an individual or governmental body) and/or otherwise affect their business and financial performance. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to circumvent network security electronically or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Such a failure or breach could also harm investors (e.g., in the event identity theft or otherwise obtaining access to investor accounts). In addition, Arcline's, the Fund's and/or a portfolio company's insurance coverage may be insufficient to compensate any such entity and its respective affiliates for incurred liabilities.

Cyber-attacks often also take the form of socially-engineered frauds, such as "phishing." Third parties often also attempt to fraudulently induce personnel, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Fund's investors or portfolio companies. Companies have also been subject to "ransomware" attacks.

To the extent that any of the Adviser, the General Partner, the Fund, a portfolio company or their respective service providers is subject to cyber-attack or other unauthorized access is gained to such entity's information technology system, the Adviser, the General Partner, the Fund and/or such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; (v) cash; or (vi) other items. Similarly, such a security breach could disrupt or halt such entities' operations for an indefinite period of time. In certain events, the Adviser's, the General Partner's, the Fund's and/or a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Such cybersecurity and disaster recovery incidents could also result in reputational harm to the Adviser, the General Partner, the Fund and/or any affected portfolio company. Any of such circumstances could subject the Adviser, the General Partner, the Fund, or its portfolio companies to substantial losses. The foregoing risks are equally applicable to service providers of the Adviser, the General Partner, the Fund and its portfolio companies.

Enhanced Scrutiny and Regulation of the Private Equity and Financial Services Industries.

The Fund's ability to successfully implement its investment strategy, as well as the ability of Arcline to conduct its operations, is based on laws and regulations that are subject to change through legislative, judicial or administrative action and could be adversely affected by future legislative, judicial or administrative action.

There has been significant discussion in recent times regarding enhanced governmental scrutiny and increased regulation of the private investment fund and financial services industries. In the aftermath of the global financial crisis in 2008, there have been unprecedented legislative and regulatory actions taken by numerous governments and their agencies. This enhanced oversight and regulation, and the need for significant additional rule-making by various governmental bodies, has created uncertainty in the financial markets, including the private fund industry. Many of the regulators to which the Fund, the General Partner, the Adviser or their respective affiliates are expected to be subject globally, including governmental agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding does not result in a sanction or the sanction imposed against the Fund, the General Partner, the Adviser or their respective affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the Funds, Arcline or their respective affiliates' reputations, which may adversely affect the Fund's investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment.

Furthermore, in recent years the financial services industry has been the subject of heightened scrutiny, and the SEC has specifically focused on private equity. In connection, in recent years the SEC's stated examination priorities have included, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities and policies and procedures with respect to conflicts of interest. Arcline is subject to requests for information and informal or formal investigations by the SEC and other regulatory authorities, with which we routinely cooperate, and which have included review of historical practices that were previously examined. Such investigations may result in penalties and other sanctions in the future. SEC actions and initiatives can have an adverse effect on the Fund's financial results, including as a result of the imposition of a sanction, a limitation on our or our personnel's activities, or changing our historic practices. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against Arcline or its personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm our reputation and cause Arcline to lose existing clients or fail to gain new clients.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of Arcline and the Fund. 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 Arcline and its affiliates, the Fund and/or their investments. In addition, the Fund is expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. 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 Fund while increasing expenses borne by the Fund. 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 these rules.

Arcline is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws, including the Advisers Act. In light of the heightened regulatory environment in which Arcline operates and the ever-increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time-consuming for Arcline and its affiliates to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulations applicable to private investment funds generally or the Fund, the General Partner or Arcline in particular may result in increased expenses associated with the Fund's activities and additional resources of Arcline being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for Limited Partners or have an adverse effect on the ability of the Fund to effectively achieve its investment objective.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations (such laws and regulations, collectively, "**Privacy Laws**") in the United States, Europe and elsewhere could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Arcline, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in litigation, fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Arcline, the Funds and/or their respective portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Arcline, the General Partners, the Funds and/or their portfolio companies.

Unfunded Pension Liabilities of Portfolio Companies. In at least one circuit, a 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 a portfolio company, such investment fund (and any other 80%-owned portfolio companies of such investment fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. The Fund is permitted to

invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund owns an 80% or greater interest in such a portfolio company. If the Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statutes and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

Valuation of Investments. Generally, the General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of the Fund's investments because, among other things, the securities of portfolio companies held by the Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the Fund's investment portfolios and risks, and may also affect the diversification and management of the Fund's portfolio of investments.

Moreover, the exercise of discretion in valuation by the General Partner, subject to any limitations thereon provided in the Governing Documents, potentially gives rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

Strategic Investors; Investments in Joint Ventures. The Fund is expected to jointly invest in transactions with one or more strategic investors or other co-parties (which may consist of Limited Partners, service providers, other private equity sponsors or other third-parties), including through joint ventures or other entities. Such investments will involve risks not present in direct investments, including, for example, the outcomes of collaborative decision-making varying (adversely) from those which the General Partner or the Adviser would have independently reached on behalf of the Fund, and the possibility that such co-party might become bankrupt, or might have interests, objectives, rights or remedies that are different from or may conflict with those of the Fund or may be in a position to take action contrary to the investment objectives of the Fund. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. Such investments may also involve risks not present in investments in which the Fund invests alone or offers traditional co-investment opportunities that are managed by the General Partner or one of its affiliates. Furthermore, if any such co-party becomes bankrupt or defaults on its funding obligations, it may be difficult for the Fund to make up the shortfall. The Fund may be required to make additional contributions to replace such shortfall, reducing the

diversification of the Fund's investments. The Fund may also be liable for the conduct of its co-venture parties. In addition, in negotiating an investment through joint ventures or other similar arrangements, the Fund may have to agree to less favorable terms (e.g., bearing a disproportionate share of expenses) than might be present in direct investments or traditional co-investment arrangements.

Assumption of Contingent Liabilities. In connection with an investment, the Fund could assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities could be material and could include liabilities associated with pending litigation, regulatory investigations, environmental actions or payment of indebtedness, among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if the Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Fund, including the remaining Commitments of the Limited Partners.

Contingent Liabilities upon Disposition. In connection with the disposition of an investment, the Fund and the General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, its investors.

Disclosure of Information. Certain Limited Partners are expected to be subject to state public records or similar freedom of information laws, which may compel public disclosure of confidential information regarding the Fund, its investments and its investors. There can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement agencies or otherwise, including for purposes of complying with regulations or policies to which the Fund, the General Partner, their affiliates, portfolio companies or service providers to any of them may be or become subject.

Side Letters. The Fund or the General Partner, without any further act, approval or vote of any Partner, has entered into, and expects in the future enter into, Side Letters or other similar agreements with certain Limited Partners that have the effect of establishing rights (including economic terms) under, or altering or supplementing the terms of, the Governing Documents with respect to certain Limited Partners. As a result of such Side Letters, certain Limited Partners will receive additional benefits that other Limited Partners do not receive and such benefits may be significant. Further, the General Partner is likely to have its own economic and/or other business incentives to provide certain terms to certain investors (e.g., based on commitment amount to the Fund, the ability of the investor to provide sourcing or other services to the General Partner or the Funds or the potential establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the General Partner or the Funds). Such rights, terms or confirmations in any such side letter or other similar agreement may potentially include (i) different economic terms, including reduced Management Fees, modified waterfall mechanics and/or reduced carried interest; (ii) the ability to opt-out of certain types of investments (including

with respect to investments in certain geographies and/or industries); (iii) the right to receive certain additional information, certifications, reporting and/or notifications from the Fund or the General Partner or any of their affiliates and/or the manner in which information and/or notice shall be provided; (iv) the right to transfer Fund interests and to cause such transferee to be admitted to the Fund as a substitute Limited Partner; (v) the offering of, and/or participation in, co-investment opportunities; (vi) the right to withdraw from the Fund in the event of adverse tax or regulatory events or violations of law or policies or in the event the investor's commitment in the Fund would exceed a certain percentage of the Fund's aggregate commitments; (vii) additional confidentiality protections; (viii) the right to disclose certain information to underlying investors, the public, regulators or certain other persons; (ix) structuring rights with respect to certain types of investments; (x) modification of default remedies; (xi) investment pacing restrictions; (xii) limits on indemnification; (xiii) rights relating to the appointment of a representative to serve as a member and/or observer of the Advisory Board, (xiv) rights with respect to legal, regulatory or policy requirements applicable to any such Limited Partner or its affiliates; (xv) right to a share of certain fees and/or carried interest of the General Partners and/or their affiliates; (xvi) rights related to co-investments or (xvii) certain other terms whether economic, procedural or otherwise. Side letters also are expected to relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. As a consequence of one or more Limited Partners being excused or excluded from, or from regulatory or other factors limiting their participation in, certain investments, the aggregate returns realized by participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments. The other Limited Partners will generally have no recourse against the Fund, the General Partner and/or any of their affiliates in the event that certain Limited Partners receive additional and/or different rights and/or terms as a result of such side letters. Except where required by the Fund's Governing Documents or applicable law, the General Partner will not be required to notify the other Limited Partners of any such Side Letters or other similar agreements or any of the rights and/or terms or provisions thereof, or to offer such additional rights and/or terms to other Limited Partners.

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 Fund 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 the Funds (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 Funds' 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 the Fund, its General Partner, or Arcline who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for the Fund. This creates potential incentives for Arcline to cause the Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

Social Media and Publicity Risk. The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or

misinformation regarding Arcline, the Fund or one or more portfolio companies could have a material and adverse effect on the value of the Fund.

Policies Subject to Change. In certain cases the foregoing summarizes, as of the date of this Brochure, certain of Arcline's policies; these are subject to change, and the information relating thereto may be qualified by subsequent disclosure to investors through the Form ADV of Arcline, other periodic disclosures, Limited Partner reporting and any disclosure as otherwise permitted or required by the governing agreements of the Fund.

Conflicts of Interest

Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of the Funds, the General Partners, the Adviser and their respective affiliates. In addition, investors should be aware that Arcline and its personnel and affiliates are authorized in the future to engage in further activities that could result in additional conflicts of interest not addressed below. The Adviser and its related entities engage or expect to 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 and vehicles, potentially including, for the avoidance of doubt, SPACs, debt funds, continuation funds in connection with a Fund restructuring or separately managed accounts, as well as provide transaction-related, legal, management and other services to Funds and portfolio companies. The Adviser 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 relevant Governing Documents, however the Funds and their respective investments and other investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund likely will conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. The Adviser believes that the significant investment of the Founders and certain other Arcline investment professionals alongside Limited Partners in the Funds, as well as such persons' interest in the carried interest, operate to align, to some extent, the interest of the Founders and such professionals with the interest of the Limited Partners, although the Founders and such professionals have or may in the future obtain economic interests in other investment funds (including other Funds) and investments and receive fees, carried interest or other compensation relating to these interests. Such other investments that the Founders and/or such professionals expect to control or manage have the potential to compete with the Funds or companies acquired by the Funds. At such time as the Adviser is permitted to raise a successor Fund to a prior Fund, Arcline will continue to manage the current Fund's investments together with the prior Fund's investments, but also will focus investment activities on opportunities other than on behalf of the current Fund and areas unrelated to the current Fund's investments. Certain investments may be allocated between the Funds in a manner as set forth in the Governing Documents. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the Advisory Boards of the participating Funds.

Arcline currently manages, and expects in the future to manage, several other investment funds besides the current Funds and investments similar to those in which the Funds invest, and

expects to direct certain relevant investment opportunities and/or resources to those Funds and investments. The Founders and other Arcline investment professionals will continue to manage and monitor such investments until their realization.

Such other investments that Arcline expects to control or manage generally have the potential to compete with companies acquired by the Fund following the investment period of the Fund. Arcline reserves the right to, and likely will, focus its investment activities on other opportunities, and areas unrelated to the Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in Arcline's sole discretion, Arcline and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, Arcline personnel are permitted to serve on boards or act in other roles unaffiliated with Arcline, 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.

Arcline expects to be presented with certain investment opportunities that would be suitable not only for the Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Arcline. In determining which investment vehicles should participate in such investment opportunities, Arcline and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, Arcline is not obligated to recommend any investment to any particular investment vehicle.

When making investment allocation decisions, the Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity, the Adviser generally assesses whether an investment opportunity is appropriate for the relevant Fund(s) based on the terms of such Funds' Governing Documents, as well as factors that the Adviser deems appropriate, including but not limited to investment restrictions and objectives (including those set forth in the Governing Documents, where applicable), operating guidelines, capital structure, strategy, diversification limitations, risk profile, time horizon, investment size, tax sensitivity, tolerance for turnover, asset composition, cash level, life cycle, structure, applicable tax and regulatory considerations, investment restrictions, risk and other relevant factors, including agreements with co-sponsors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other funds advised by an affiliated adviser of the Adviser in the manner set forth in the relevant Governing Documents. Investments by more than one Fund of the Adviser in a portfolio company also raises the risk of using assets of a Fund of the Adviser to support positions taken by other clients of the Adviser. In the event that the available amount of an investment opportunity in which a Fund will invest exceeds an amount appropriate for the Fund and other Funds that co-invest in such opportunity, Arcline reserves the right to offer such excess to one or more potential investors, as discussed below. In other circumstances, during the period that a portfolio company is owned by the 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.

The Adviser will determine the allocation of investment opportunities among the eligible and participating Funds in a manner that it believes is fair and equitable to its clients under the

circumstances over time consistent with the Adviser's obligations and reserves the right to take into consideration factors such as those set forth above; however, the Adviser's allocation of investment opportunities among Funds often will not be proportional. Therefore, such allocations could be less advantageous to a Fund relative to one or all of the other Funds, or vice versa. While the Adviser will allocate investment opportunities in a way that it believes is fair and equitable to the Funds under the circumstances over time, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject did not exist.

Following such determination of allocation among Funds, Arcline reserves the right to offer co-investment opportunities to one or more potential co-investors, including certain investors, other sponsors, market participants, finders, AVCG members, Consultants, AALF personnel and other service providers, Arcline personnel and/or certain other persons associated with Arcline and/or its affiliates, as determined by the Funds' Governing Documents, Side Letters and the Adviser's procedures regarding allocation. The allocation of co-investment opportunities, which are permitted to be made to one or more persons for any number of reasons as determined by the Adviser in its sole discretion, will not necessarily be in the best interests of the Fund or any individual Limited Partner. The Adviser's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: (i) whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived degree of that interest; (ii) the expertise, knowledge and sophistication of the prospective co-investor with respect to the issuer, segment, industry, market, geographic region or other characteristics that are relevant to the investment; (iii) the prospective co-investor's perceived ability to approve the investment pursuant to any applicable internal approval processes (including the predictability of the prospective co-investor's investment process), and to otherwise successfully and efficiently execute the transaction in a timely manner with respect to the timeframe in which the Adviser believes favorable transaction terms may be achieved based on their history of consummating co-investment opportunities; (iv) any tax, regulatory, securities laws and/or other legal considerations with respect to the prospective co-investor (e.g., qualified purchaser or qualified institutional buyer status); (v) confidentiality concerns that arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (vi) the Adviser's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Adviser's ability to execute the relevant transaction in the desired time or on desired terms; (vii) the size of the investment allocation available to the Adviser (and not being allocated to the Fund or any future Funds, and the practicality of splitting the allocation into smaller tranches); (viii) the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments) and the maximum number of investors that can realistically participate in the transaction; (ix) any requirements of any third-party lenders as to the identity of any investors participating as co-investors, or as to the creditworthiness of any co-investors, or as to the number of co-investors, or as to other matters with respect to the investors in the transaction; (x) whether the prospective co-investor is considered "strategic" to the investment because it is able to offer one or more Funds or the Adviser or its affiliate certain services or benefits, including, but not

limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the investment, or whether the Adviser believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships (including formal or informal strategic relationships) that have the potential to provide longer-term benefits to any of the relevant Funds, the Adviser or its affiliates; (xi) whether the prospective co-investor has a history of consummating co-investment opportunities with the Adviser or its affiliates; (xii) whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; (xiii) the likelihood that the prospective co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the underlying portfolio company, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where the investor would be willing to defer to the Adviser and assume a more passive role in governing the investment); (xiv) whether the prospective co-investor has any interests in any competitor of the underlying investment; (xv) the expected investment holding period; (xvi) the services provided by the prospective co-investor to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment); (xvii) the size of the prospective co-investor's interest to be held in the underlying portfolio company as a result of a Fund's investment (which is likely to be based on the size of the prospective co-investor's Commitment and/or investment in such Fund); (xviii) the size of the prospective co-investor's commitment to the Fund; (xix) whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or recurring distributions; (xx) the extent to which the prospective co-investor has previously been provided a greater amount of co-investment opportunities relative to other prospective co-investors; and (xxi) the likelihood that the prospective co-investor may invest in a future Fund and other factors that the Adviser considers important in connection with the specific transaction or investment. Although the Adviser reserves the right to consider a prospective co-investor's interest in and likelihood of investing in future Funds as a factor in allocating co-investment opportunities, such willingness generally will not be the sole determining factor. Arcline reserves the right to grant certain Limited Partners the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

The Funds are permitted to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. The Fund may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may have financial difficulties resulting in a negative impact on such portfolio company, may at any time have economic or business interests or goals that are inconsistent with those of the applicable Fund, may cause the investment to be reviewable by CFIUS or another U.S. or other national security investment clearance regulator, or may be in a position to take action contrary to the investment objectives of the Fund or narrow the array of potential exit strategies for the Fund, as described below. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that the Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction. In some cases, a co-investment vehicle may be formed in connection with the consummation of a transaction and such entity will bear expenses related to its formation and

operation. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial to the transaction, ultimately is not consummated, the full amount of any fees and expenses or other liabilities or obligations (including broken deal fees and expenses) generated in the course of evaluating any such proposed transaction generally would be borne by the applicable Fund, and not by any potential co-investors that would have participated in such transaction (regardless of whether any co-investor(s) had yet been identified or confirmed, or whether any co-investment vehicle had yet been formed in connection with the relevant transaction). However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, in the event such a vehicle is offered by the Adviser, such vehicle is expected to bear its share of expenses. The General Partner reserves the right, in its sole discretion, to charge a management fee and obtain a carried interest in respect of any co-investment. Any fees, carried interest or other compensation received in connection with a co-investment does not reduce or offset the Management Fee.

In addition, the General Partner, in order to consummate a transaction or facilitate the acquisition of a portfolio company and ensure the Fund is afforded an investment opportunity or otherwise, may cause the Fund to fund (or commit to fund) on behalf of certain co-investors with a view to selling down a portion of such investment to such co-investors or other persons at a later time or prior to or within a period after the closing of the acquisition. The Fund may or may not receive compensation for such activities. If the Fund does not find co-investors and/or in the event that the co-investors breach their covenant to purchase the investment from the Fund, the Fund will have an allocation to an investment that is larger than originally anticipated. In addition, the Fund will bear the risk that any or all of the excess portion of such investment could only be sold on unattractive terms. If the excess portion of such investment has not been sold, the Fund may bear the entire portion of any other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company and could realize lower than expected returns from such investment.

Furthermore, the General Partner or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered only to one or more select (and not all) Limited Partners. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that could have been taken by the relevant Fund, and because co-invest opportunities generally appeal to Fund investors and third parties, Arcline expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund. The General Partner and its affiliates are subject to potentially conflicting interests in connection with investments in or alongside the Fund by personnel and related persons of the General Partner. The General Partner's allocation of co-investment opportunities among the persons and in the manner discussed often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or

restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Arcline in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Arcline expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of the Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

Similarly, and without limiting the foregoing risks, Arcline is permitted in the future to sponsor one or more Funds that focus on providing private debt to a variety of borrowers, including businesses in which a Fund may seek to invest equity and/or entities formed by Arcline through which such investments are made (each a “**Debt Fund**” and, collectively, “**Debt Funds**”). In such cases, conflicts are expected to arise between the interests of such Fund (as primarily an equity investor) and those of any Debt Funds (as primarily a creditor) in structuring, negotiating and pricing the investment. For example, conflicts have the potential to arise between the Fund and the Debt Funds in negotiating the price of the debt securities or interests, the characterization of such debt securities or interests (secured or unsecured), the terms of inter-creditor agreements, the interest rate or stated dividend yield of such securities or interests, the nature of the covenants running in favor of lenders and the other terms and conditions of investment or in addressing subsequent amendments or waivers. Since the Fund and Debt Funds can have different positions in the portfolio company’s capital structure, there can be conflicts as noted above, especially if the borrower suffers financial difficulties (including conflicts over proposed waivers and amendments to debt instruments, whether or not to seek to reorganize the capital of the borrower, the enforcement of covenants, the nature of restrictions to be imposed on the borrower and the resolution or workouts of bankruptcies). There can also be conflicts as the Fund may desire optimal flexibility to grow the portfolio company, while any Debt Funds may want to place tighter restrictions on the type and the amounts of permitted investments and acquisitions. Arcline will seek to resolve these and other conflicts on a case-by-case basis in a manner that it believes fair and equitable. To minimize such potential conflicts of interest, the Debt Funds may take a variety of actions, including investing in a minority of any debt tranche and/or in such conflict situation agreeing to vote its debt securities in accordance with the debt holders of the same class, or abstaining from voting or from taking certain actions not approved by the other holders of such class (however they will be under no obligation to do so).

Subject to the relevant Funds’ Governing Documents, Arcline expects that the Funds will make new and/or additional, follow-on or other investments in portfolio companies (or their successors) in which other Funds have or are concurrently making an investment. Arcline similarly reserves the right to enter into cross-transactions on behalf of a Fund and/or other Funds sponsored by Arcline or its affiliates, or co-investors or co-investment vehicles, in which a Fund buys securities from, or sells securities to, such other persons. In some cases, a portfolio company of a Fund may be merged with or into a portfolio company owned by another Fund. Investments in a portfolio company by more than one Fund have the potential to raise conflicts of interest,

including where the assets of one Fund are used to support positions taken by other Funds, or where the transaction allows Arcline to generate carried interest or earn Management Fees, Transaction Fees or other compensation. These conflicts are heightened to the extent the relevant securities are illiquid and/or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Governing Documents or otherwise in the sole discretion of the applicable Funds' General Partners, such General Partners reserve the right to seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker at the expense of the relevant Funds to opine as to the fairness or "arm's length" nature of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory board) to such transactions. However, Arcline does not always expect to obtain such an opinion (except where required by applicable law) or consent and reserves the right to determine that the willingness of a third-party to make an investment on the same or similar terms demonstrates the fairness or "arms-length" nature of the relevant transaction to the Funds under then-current market conditions. Further, cross transactions are expected to arise in the context of automatic or other rebalancing of investments among parallel investing entities, or syndication to co-investment vehicles, and in such circumstances Arcline generally will not seek a fairness opinion or Advisory Board consent given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Governing Documents. Further, Funds nearing the end of their term are expected to seek to sell their interest in commonly held investments to other Funds with more time remaining in their term, which gives rise to the conflicts of interest discussed herein. Conflicts of interest are also heightened in the foregoing transactions to the extent the partners of the Adviser are assigned varying percentages of carried interest from Funds in the same investment, or if economic terms, performance and/or the potential for carried interest vary between Funds, particularly when one Fund sells its portion of such investment to another Fund, which could cause a portion of such carried interest to become realized. Whether or not Advisory Board consent is obtained or there is a fairness opinion or a third-party investor, the Adviser intends to conduct such transactions in a manner that the Adviser believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to all Funds involved.

In addition, Arcline expects that the Funds will make new and/or additional, follow-on or other investments in portfolio companies (or their successors) in which other Funds have or are concurrently making an investment (such investment, a **"Common Fund Investment"**). Additional conflicts of interest could arise if a Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund. For instance, the Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Fund. This will likely result in differences in price, investment terms, leverage and associated costs between the Fund and any other Fund. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund committed to invest typically will bear the full amount of broken deal fees and expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further,

given that certain Funds are established sequentially, the General Partners (or equivalent) of such Funds often will desire, or will be required, to sell Common Fund Investments at different times, including at times when general partners (or equivalent) of other Funds that hold the same investment with more time remaining in their term do not wish to sell such investments. The Adviser and its affiliates reserve the right to express inconsistent views of Common Fund Investments or of market conditions more generally. To the extent a Fund sells its interest in a Common Fund Investment to a third-party, it may impact the value of the other Funds' interest in such investment, and will give rise to the co-venturer risks discussed in "*Risks of Investment - Strategic Investors; Investments in Joint Ventures*." The Funds' investment in, or divestment from, Common Fund Investments are not required to occur at the same time or on the same terms as that of other Funds participating in the investment, and accordingly, there can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any other Funds participating in the transactions. To the extent that multiple Funds hold an interest in the same portfolio company and desire to divest at the same time, Arcline intends to allocate any disposition opportunities with respect to that investment on a basis that it believes is fair and equitable to each Fund relevant to other Fund taking into account all relevant facts and circumstances, including without limitation, the relative ownership percentages of the Funds in the applicable portfolio company, the length of time remaining in an Fund's term and other factors similar to those discussed above regarding the allocation of investment opportunities.

Generally, in the event of a Common Fund Investment, Arcline will allocate the costs and expenses incurred by Arcline or its affiliates (including AVCG members and AALF personnel) and the fees received by Arcline or its affiliates across the relevant Funds in a manner that it believes is fair and equitable to the Funds under the circumstances over time and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion.

Although Arcline generally structures Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any Arcline affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such cases, Arcline intends to cause the other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which the Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an Arcline affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, the Fund's Limited Partners could suffer adverse effects resulting from any default by any Fund or an Arcline affiliate, whether or not related to the Fund in which such Limited Partners have invested.

The Adviser expects to be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to a Fund vis-à-vis its other clients. The Adviser, in its sole discretion, intends to allocate fees and expenses among all relevant Funds receiving the benefit of such fees and expenses (in the Adviser's sole discretion) and eligible to bear fees and reimburse expenses of that kind. Subject to applicable law and legal, contractual or

similar restrictions, these allocation decisions generally will be made by the Adviser using its reasonable judgment and in its sole discretion, considering such factors as it deems relevant, to be fair and equitable to its clients under the circumstances over time. The allocations may not 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 fee or expense, or whether to allocate *pro rata* based on number of Funds or co-investors receiving related benefits or proportionately (e.g., in accordance with asset size or relative amounts of invested or uncalled capital) or in certain circumstances determining whether a particular expense has a greater benefit to the Fund or the Adviser and/or its affiliate. The Funds generally have different fee bearing and expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of fees and expenses with respect to the same investment.

The Funds primarily intend to make controlling investments in portfolio companies. As a result of these controlling interests, the General Partner typically has the right to appoint portfolio company board members (including current or former personnel of the General Partner and/or its affiliates or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, portfolio company board members frequently approve compensation and other amounts payable to the General Partner and/or its affiliates in connection with services provided by the General Partner and its affiliates to such portfolio company which, except to the extent such amounts are subject to the Governing Documents' offset provision, are in addition to the Management Fee or carried interest discussed herein. The General Partner's authority to appoint or influence the appointment of portfolio company board members who are involved in approving compensation payable to the General Partner subjects the General Partner, the Adviser and its affiliates and any such portfolio company board appointees to potential conflicts of interest. Decisions made by a director will potentially subject Arcline, the Funds and/or their respective affiliates to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. Personnel of the Adviser or their respective affiliates are likely to also be asked to serve as directors of, or observers with respect to, certain entities in which the Fund has fully exited its ownership interest. Any compensation received by such personnel in connection therewith will not be offset against the Management Fee or otherwise be shared with the Fund and/or Limited Partners.

If the Fund enters into any indebtedness with another Fund on a joint and several basis, including through Fund subsidiaries and other intermediate entities, the relevant general partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In administering, or seeking to reinforce, these agreements, the Adviser expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a fund seeking reimbursement. In certain circumstances, Arcline Funds are expected to be prohibited from exercising (or the Adviser may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests.

Additionally, a portfolio company typically will reimburse the Adviser or service providers retained at the Adviser's discretion for expenses (including without limitation travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Arcline personnel. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Governing Documents and its internal reimbursement policies and practices, the Adviser determines the amount of these reimbursements for such services in its own discretion, subject to the Governing Documents and its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to one or more of the following: agreements with or review by management teams, lenders to portfolio companies and/or third-party co-investors in its transactions. Arcline believes these factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, Arcline, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Arcline's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Arcline 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, "**Arcline Information**"). In many cases, Arcline Information will include tools, procedures and resources developed by Arcline to organize or systematize Arcline Information for ongoing or future use. Although Arcline expects its Funds and their portfolio companies generally to benefit from Arcline's possession of Arcline Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Arcline and its personnel) and not by the Fund or portfolio company from which Arcline Information was originally received or derived. Arcline Information will be the sole intellectual property of Arcline and solely for the use of Arcline. Arcline reserves the right to use, share, license, sell or monetize Arcline 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.

The Adviser generally expects to exercise its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services or enter into other transactions with various service providers, potentially including, among others: (i) the Adviser (or an affiliate, including the AVCG, the AALF, other portfolio companies of the Fund or other investment funds sponsored

or advised by the Adviser) and at rates determined or substantively influenced by the Adviser or its affiliates; (ii) an entity with which the Adviser or its affiliates or current or former personnel has a relationship or from which such person derives a financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Arcline personnel are seconded, or from which Arcline receives secondees; or (iii) a Limited Partner (or a Limited Partner of another Fund) or its affiliates. For example, the Adviser expects to from time to time initiate transactions between two or more portfolio companies of a Fund and/or successor Funds (see, for example, the above discussion regarding cross-transactions), and to cause and/or acquire certain portfolio companies to provide products or services (for example, due diligence and similar services) to the Funds, other portfolio companies of one or more Funds, and/or the Adviser and its respective affiliates at rates determined by the Adviser (which may involve fees, commissions, servicing payments or other compensation). Arcline also expects to engage certain Limited Partners or their affiliates that are engaged in lending, investment banking or other businesses to provide financing, sourcing and/or other services in connection with the Fund's investments for compensation. Potential conflicts of interest arise in initiating such transactions, as Arcline has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, as noted above. Similarly, Arcline has incentives to engage Limited Partners to provide services to the Fund and/or its portfolio companies, including warehousing and financing, to maintain goodwill with such Limited Partners, including with respect to investments made or that may be made by the Fund or another fund. As a result, there can be no assurance that the terms of any such transactions will be the same as those that would be obtained in an arm's-length transaction between unaffiliated parties and that the products or services recommended will be the best or lowest cost option.

Separately, Arcline has previously caused the Funds to invest in a portfolio company with a view to, and from time to time expects that the Fund will, establish relationships with, and potentially obtain strategic or other benefits from, founders and executives of such portfolio companies, including sourcing and service as executives or board members for other portfolio companies. It is possible under certain circumstances such benefits inure to the benefit of another or successor fund rather than the Fund making the investment.

The Adviser is also authorized to employ personnel (including members of the AVCG and Arcline Affiliated Law Firm personnel) with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds or other investment vehicles advised by the Adviser or the Founders; conversely, former personnel or executives of the Adviser or its affiliates (including members of the AVCG and Arcline Affiliated Law Firm personnel) generally have the ability to serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former personnel, and current and former portfolio company executives as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Arcline, and/or the Funds. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through

Arcline entities) to Arcline personnel and their estate planning vehicles. The Adviser expects to be subject to potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by the Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser or one or more other Funds. For example, Arcline expects to cause a Fund to make payments to investment banks and/or other intermediaries (including those that are Limited Partners), all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow can inure to the benefit of another or a successor Fund rather than the Fund making the payment. Arcline expects to be subject to a potential conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between itself, such service providers and/or the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available or lowest cost to a Fund or its portfolio companies.

In certain circumstances, current or former Adviser personnel, including AVCG members and AALF personnel, are expected to serve in interim or part-time roles at portfolio companies, or may provide services to portfolio companies as secondees or in similar capacities, while maintaining certain benefits, office space, support services and/or indicia of employment at the Adviser. Under such arrangements, the relevant portfolio company will pay all or a portion of the compensation in respect of such personnel, or could supervise or oversee such personnel. Any such arrangements could create conflicts of interest, in that any compensation (including compensation, employee benefits and other incentives or opportunities (including investment opportunities)) that would ordinarily be borne by the Adviser as overhead in respect of those personnel would be directly or indirectly borne by the portfolio company when they are secondees or other portfolio company personnel, and during such time any compensation, payroll expense and benefits received by or paid in respect of AVCG members and AALF personnel would not count towards any limitation on their compensation set forth in the relevant Fund's Governing Documents. Therefore, the Adviser has an incentive to cause personnel to become externs or secondees or serve in similar roles to reduce its overhead or otherwise shift costs to portfolio companies. As seconded arrangements are often initiated to meet a temporary portfolio company need, they are expected to change over time, and in many cases will be ended by the Adviser when the portfolio company is sold, at which point the secondees may or may not return to the Adviser. It is possible that certain Adviser personnel serve as secondees or other personnel with respect to multiple portfolio companies and perform services that directly or indirectly benefit the Adviser while serving as secondees or other portfolio company personnel.

The foregoing arrangements expose the Adviser to potential conflicts of interest because although it intends to initiate transactions and select service providers that it believes are aligned with its operational and value creation strategies and that will enhance portfolio company performance, the Adviser has an incentive to recommend the related or other person (including a Limited Partner) because of its financial or business interest. Additionally, there is a possibility that the Adviser, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Adviser or its affiliates), would favor

such transaction, retention or continuation even if a better price and/or quality of service provider could be obtained from another person. The Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Arcline generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, the Adviser expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, the Fund, and due to the nature of the service provider relationships and the timing of services provided, these persons have the potential to have information advantages relative to other investors or co-investors, and quite possibly would be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, Limited Partners should not necessarily expect service providers to Arcline or any Fund to provide services that will be the most beneficial to any Limited Partner. Whether or not the Adviser has a relationship with or receives financial or other benefit from recommending a particular transaction or service provider, there is no assurance that no other transaction would be more beneficial or that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Adviser, its affiliates, and equity holders, officers, principals and personnel of the Adviser and its affiliates reserve the right to buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, officers, principals and personnel may reserve the right to buy securities in transactions deemed unsuitable for the Fund, but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including broken deal expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Fund's Governing Documents and any related policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of the Adviser have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

As indicated above, except to the extent prohibited by the Governing Documents, Arcline 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, separate accounts or SPACs the investment or business strategy of which does not conflict 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. Sponsoring such other investment vehicles gives rise to many of the same potential conflicts of interest discussed herein with respect to other Funds. Subject to any limitations imposed by the Governing Documents and anti-"assignment" provisions of the Advisers Act, Arcline and its personnel are also permitted to offer, restructure and monetize interests in Arcline. As noted above, the fact that a General Partner's carried interest is based on a percentage of net profits creates an incentive for the General Partner to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

As described above, a Fund, directly or through other Covered Entities, will bear AVCG Compensation payable in respect of services provided by AVCG or its members to the Covered Entities. But for the avoidance of doubt, if AVCG or its members have provided services to other Arcline affiliates, including another Fund or General Partner, each of those recipient entities, as applicable, will bear the related AVCG Compensation in a manner that Arcline believes in good faith is fair and equitable over time, subject to certain requirements in the Governing Documents. The Covered Entities are expected to bear all Consultant compensation and at least a significant majority of AVCG Compensation. AVCG Compensation that is borne by a Covered Entity will not be included as Transaction Fees, will not be shared with the Fund or the Limited Partners and will not otherwise reduce or offset the Management Fee. The General Partner faces potential conflicts of interest in determining the related AVCG Compensation that should be borne by each recipient entity. For example, Arcline will not bear AVCG Compensation that relates to services performed by AVCG and Consultants for the Covered Entities. However, these services also have the potential to provide a benefit to Arcline and/or its affiliates. In these circumstances, Arcline would have an incentive to treat a particular service as being provided to a Covered Entity, even though it may directly or indirectly benefit Arcline and/or its affiliates, in whole or in part. AVCG Compensation may not be borne by Covered Entities proportionally, and any such determinations involve inherent matters of discretion by the General Partner.

To the extent a particular Fund's Governing Documents limits the aggregate amount of Compensation paid to the AVCG or the members thereof and borne by the related Fund (as opposed to the Adviser), such a limitation will only apply to the AVCG Compensation and not to AVCG expense reimbursements or compensation or expense reimbursements paid to Consultants who are not designated as AVCG members, subjecting the Adviser to conflicts of interest with respect to the designation of AVCG members, as described in the corresponding Memorandum. Consultants, and AVCG members in particular, could make use of Adviser resources or otherwise be associated with the Adviser.

For the avoidance of doubt, both AVCG members and Consultants are also expected to receive reimbursement of certain costs and expenses, including travel, meals, lodging and reasonable and customary entertainment that are incurred in connection with providing services. These amounts will be borne or reimbursed by the Covered Entities and not be included as "Transaction Fees," shared with the Funds or the Limited Partners or otherwise reduce or offset the Management Fee, and further, in respect of the AVCG, will not be subject to any limitations on AVCG compensation set forth in a Fund's Governing Documents. In addition, subject to Arcline's internal policies, as amended and in effect, under certain circumstances Arcline is authorized to change the designation of an AVCG member (in whole or in part) to a Consultant (and vice versa). AVCG members could also become employed (on a permanent, interim, full-time or part-time basis) by portfolio companies, as described above, as may Consultants, and therefore their compensation would be borne by the applicable portfolio company without being subject to any limitations on AVCG Compensation set forth in a Fund's Governing Documents. If any Consultant or employee of a portfolio company is designated as an AVCG member, any compensation received by that person under his or her prior designation (including non-cash compensation, to the extent applicable) generally will not be subject to any limitations on AVCG Compensation set forth in a Fund's Governing Documents. Likewise, if any AVCG member is redesignated as a Consultant or becomes employed by a portfolio company, any compensation received by that person after the date of his or her redesignation (including non-cash compensation,

to the extent applicable) generally will not be subject to any such limitations, and no limitations on AVCG Compensation that applied under his or her prior designation as an AVCG member will continue to apply under his or her new designation or employment relationship. The Adviser's ability to redesignate or cause portfolio companies to employ personnel (in its sole discretion) creates an incentive to do so in order to provide compensation to AVCG members (under the designation of a Consultant or portfolio company employee) that otherwise could be limited by a Fund's Governing Documents, to shift costs in a manner so they are directly or indirectly borne by the Covered Entities, either in whole or in part, or to shift costs to the Covered Entities that would otherwise be borne by the Adviser as overhead. Accordingly, any such personnel designation, redesignation or change in employment relationship is expected to increase the costs and expenses directly or indirectly borne by the Covered Entities. To the extent that AVCG members or Consultants are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of such person's services at a time when fewer portfolio companies or Funds make use of such person. Under the foregoing arrangements, including where such persons are paid a flat fee for their services, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by the AVCG members. In certain cases, including where the Fund does not own a controlling interest in a portfolio company, the portfolio company, its management and/or equity holders potentially will not agree to engage and/or bear the costs of AVCG members.

Although the Adviser anticipates that AVCG members and/or Consultants will be engaged or retained with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or realizing breakout potential of portfolio companies, a number of factors may result in limited or no cost savings. As a general matter, there is no assurance that the research and strategy and talent and operations services of the AVCG, or the services rendered by the Consultants, will be effective and result in Fund returns. Moreover, the Adviser and/or its affiliates only anticipate employing, engaging or retaining AVCG members or Consultants that they believe provide services that will contribute to the realization of breakout potential, while providing them with competitive compensation and other benefits commensurate with their experience and perceived ability to do so. However, there is no assurance that there are no other personnel or service providers more qualified to provide the applicable services and/or able to provide them at lesser cost. With respect to the Fund's control investments, the Adviser will generally have the right to direct actual and prospective portfolio companies to engage or retain the AVCG and/or Consultants and to determine the terms and conditions of such engagement. Arcline's presence on a portfolio company's board (or other control) generally is expected to diminish or eliminate portfolio company management's ability and/or incentive to negotiate fees or expenses of the Arcline Value Creation Group and/or Consultants on an arm's-length basis. Additionally, while Arcline generally expects the charges for the services of the AVCG and/or Consultants to be paid by portfolio companies directly, causing them to be shared ratably by the other equity holders of such companies, if any, in the case of portfolio companies in which the Fund does not hold a controlling interest, the Fund or an alternative investment vehicle thereof will generally bear all such costs directly, causing the Fund to bear a disproportionate share of those costs vis-à-vis other equity holders of those portfolio companies.

Given the nature of the services of the AVCG and the unique and/or custom compensation and incentive arrangements that the Adviser and/or its affiliates are able to afford members of the AVCG, the Adviser undertakes no minimum amount of benchmarking of the relative AVCG Compensation afforded such personnel to the cost that would otherwise be borne by the related Covered Entity for such services were they to be provided on an arm's-length basis by any other person. Accordingly, there is no assurance that rates for any period match prevailing market rates for comparable services.

In addition, AVCG Compensation and any compensation (whether cash or non-cash) received by AVCG members and Consultants that is borne by a Covered Entity has the potential to result in direct or indirect benefits to the Adviser, its affiliates and/or portfolio companies of other Funds. Consequently, the Adviser, its affiliates and/or portfolio companies of other Funds could receive services without bearing any of the associated costs. Conversely, a Covered Entity could also benefit from services where the associated compensation (whether cash or non-cash) is borne by the Adviser, its affiliates and/or portfolio companies of other Funds.

As a result of the Funds' controlling interest in portfolio companies, Arcline will generally have the right to direct actual and prospective portfolio companies to engage the Arcline Affiliated Law Firm and to determine the terms and conditions of such engagement. Arcline's presence on a portfolio company's board (or other control) generally is expected to diminish or eliminate portfolio company management's ability and/or incentive to negotiate legal rates or billings from the Arcline Affiliated Law Firm on an arm's-length basis. Additionally, while the Adviser generally expects the charges for the services of the Arcline Affiliated Law Firm to be paid by actual and prospective portfolio companies directly, causing them to be shared ratably by the other equity holders of such companies, in the case of portfolio companies in which the Funds do not hold a controlling interest, for administrative or other reasons the Funds or an alternative investment vehicle thereof may bear AALF Compensation costs directly, causing the Funds to bear a disproportionate share of those costs vis-à-vis other equity holders of those portfolio companies.

In conjunction, Arcline has an incentive to cause actual and prospective portfolio companies, or the Funds or an alternative investment vehicle thereof, to engage the services of the Arcline Affiliated Law Firm because it will result in revenue to the Arcline Affiliated Law Firm that effectively reduces the amount of compensation that Arcline otherwise would have to pay Arcline Affiliated Law Firm personnel to satisfy their contractually agreed remuneration. The Arcline Affiliated Law Firm will not necessarily be the lowest cost or most effective or efficient legal service provider available to the Covered Entities.

Similarly, Arcline has an incentive to encourage Arcline Affiliated Law Firm personnel to devote more of their time to Fund- or portfolio company-related matters than to Adviser-related matters so as to reduce out-of-pocket costs to Arcline. Arcline has the same incentives with respect to utilizing the Arcline Affiliated Law Firm to perform services for the Covered Entities, including in respect of portfolio companies in which the Funds do not hold a controlling interest. The Arcline Affiliated Law Firm is authorized to adjust its rates in its sole discretion, subject to any requirements under the Governing Documents, and Arcline Affiliated Law Firm personnel that are also personnel of the Adviser will have an incentive to increase rates to reduce out-of-pocket costs of the Adviser. Given the nature of the services of the Arcline Affiliated Law Firm and the unique

and/or custom compensation and incentive arrangements that the Adviser and/or its affiliates are able to afford Arcline Affiliated Law Firm personnel, the Adviser undertakes no minimum amount of benchmarking of the Arcline Affiliated Law Firm's billing rates against arm's length market rates for third party law firms and there is no assurance that rates for any period match prevailing market rates for comparable services.

Additionally, each of Arcline and Arcline Affiliated Law Firm personnel will face a conflict of interest in determining the time spent, and operational and other out-of-pocket expenses (e.g., travel, meals, lodging, printing, shipping and third-party services providers (e.g., registered agents)) related to, providing legal services to the Covered Entities. In some cases, such services and/or expenses will also provide benefits to Arcline and/or its affiliates and there will be an incentive to consider a particular service and/or expense as being for the Covered Entities even though it may directly or indirectly benefit Arcline and/or its affiliates, in whole or in part. By consequence, Arcline, its affiliates and/or portfolio companies of other funds could receive the benefit of services without bearing any of the associated costs. Similarly, because certain Covered Entities will bear organizational and start-up costs related to the Arcline Affiliated Law Firm, other Covered Entities will receive the attendant benefits of the Arcline Affiliated Law Firm without bearing any of such costs. In addition, because certain operating expenses borne by the Arcline Affiliated Law Firm are expected to be funded through billings to the Covered Entities, such persons could bear a disproportionate amount of those costs relative to Arcline. As a general matter, the attribution of time spent, and expenses incurred, in connection with the Arcline Affiliated Law Firm's provision of legal services to Arcline and its affiliates will not necessarily be proportional, and any such determinations involve inherent matters of discretion by Arcline and Arcline Affiliated Law Firm personnel responsible for providing such services. The Covered Entities are generally expected to bear a substantial portion of Arcline Affiliated Law Firm personnel compensation and costs as compared to Arcline. All Arcline Affiliated Law Firm costs related to, and paid by, actual and prospective portfolio companies will be borne indirectly by the Funds and will impact returns. Furthermore, even with applicable limitations on the quantum of AALF Compensation and expenses of the Arcline Affiliated Law Firm that could be attributed to and paid by the Covered Entities, it is possible that amounts earned plus expenses reimbursements (which are not subject to any such limitations) received by the Arcline Affiliated Law Firm in any given period exceed the compensation of its personnel and operating expenses.

Similarly, it is possible that the Arcline Affiliated Law Firm provides services exclusively to the Covered Entities in any given period, in which case the Covered Entities, rather than Arcline, would exclusively bear the costs of the Arcline Affiliated Law Firm for such period, despite the fact that certain or all Arcline Affiliated Law Firm personnel are initially expected to also be Arcline personnel.

Although Arcline anticipates that the Arcline Affiliated Law Firm will be engaged or retained on behalf of the Covered Entities with a view towards generating higher quality, cost effective and more efficient legal work product, a number of factors could result in limited or no benefits. As a general matter, there is no assurance that the efforts of Arcline's legal team, or the services rendered by the Arcline Affiliated Law Firm, will be valuable and result in any such benefits. Moreover, there is no assurance that there is no other personnel, law firm or service provider better qualified or suited to provide the applicable services and/or able to provide them at lower cost and/or higher quality or efficiency, and, as noted above, Arcline does not undertake

any minimum amount of benchmarking against arm's length rates for third-party law firms. Similarly, given the current size of the Arcline Affiliated Law Firm and type of matters expected be handled, there is no assurance that the Arcline Affiliated Law Firm will meaningfully reduce the need for, and/or the costs of, third-party law firms engaged by or in respect of the Covered Entities. In certain cases, the Covered Entities will incur AALF Compensation and expenses for time spent by Arcline Affiliated Law Firm personnel consulting with and overseeing third-party law firms and/or providing services that are similar to, or that overlap with, certain services provided by third-party law firms with respect to the same matter.

The Arcline Affiliated Law Firm is presently structured as a professional corporation due to requirements of the State Bars of California and New York and is designated as an S corporation for U.S. federal income tax and New York state income tax purposes. As a result, certain proceeds received from the Arcline Affiliated Law Firm by its personnel will be subject to different tax treatment than would have otherwise been the case had such amounts been paid by the Adviser as AALF Compensation. As a result, Arcline Affiliated Law Firm personnel will under certain circumstances have an incentive to increase the portion of their income received from firm operations by increasing the amount of time spent providing legal services to the Funds (and/or their alternative investment vehicles, portfolio companies or prospective portfolio companies) relative to Arcline, as amounts received for such services will improve such persons' overall tax position. In particular, given that certain Arcline Affiliated Law Firm personnel will be considered self-employed through the Arcline Affiliated Law Firm, such persons will be eligible to participate in certain self-employed retirement plans (such as a Simplified Employee Pension (SEP) IRA) to the extent of their earnings received from a separately owned organization such as the Arcline Affiliated Law Firm. As a result, these persons will have an incentive to ensure that a specified portion of their income is received from Arcline Affiliated Law Firm operations so as to maximize their participation in any such retirement plan and the after-tax benefit received therefrom, which could reduce their time devotion to Arcline.

Because there is a fixed investment period after which capital from Limited Partners generally may only be drawn down in certain specified circumstances provided in the Governing Documents, and because Management Fees are, at certain times during the life of a Fund, based upon invested capital subject to certain adjustments, this fee structure creates an incentive to deploy capital, and to keep such capital deployed, when the Adviser may not otherwise have done so.

The Governing Documents provide the Adviser 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 Adviser's compensation. In making such determinations, the Adviser is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for the Adviser 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 Adviser 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 Adviser will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends, distributions or similar transactions, the Adviser is incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner 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 General Partner 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 Governing Documents.

The Adviser's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing investments, or determining whether investments are Impaired Value Investments, 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 General Partner's determination that investments are Impaired Value Investments, and except as set forth in the Governing Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether investments meet the relevant standards or whether value can be recovered or retained during the Fund's holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing 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 Adviser's compensation is dependent, in part, on an investment's status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although the Adviser intends to operate in accordance with the Governing 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.

Because the Adviser is permitted to retain certain amounts that fall outside of the scope of Transaction Fees (as described under "Fees and Compensation") in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such amounts. In many cases, Transaction Fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of Transaction Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company. Additionally, to the extent Arcline, its affiliates or certain designated personnel receive compensation in the form of portfolio company securities, after any applicable Management Fee reduction required by the relevant Governing Documents (based on the value of such securities determined in accordance with the Governing Documents), Arcline and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company Arcline and/or the

Governing Documents) or retain such securities for a period consistent with their own financial and investment objectives, which are likely to differ from those of the relevant Fund. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities by such persons (and Consultants) typically has the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation.

A Fund's General Partner 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 General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's Limited Partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Arcline deems suitable for the Fund. Although the General Partner 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 Limited Partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner 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 Limited Partners.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Arcline reserves the right to accrue, defer or forego payments of Transaction Fees, and could reserve the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

In certain cases, the Adviser will have opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and 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 relevant Governing 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 Fund investors.

As noted above, the Adviser and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Arcline's compensation), information rights, specialized reporting, priority co-investment rights,

or targeted co-investment amounts, rights to serve on the Fund’s advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic procedural and other terms, many of which will not be subject to the “most-favored nation” provisions of a Fund’s Governing Documents. Arcline is likely to have its own economic and/or other business incentives to provide certain terms to certain Limited Partners (e.g., based on commitment amount to a Fund or the timing thereof, the ability of a Limited Partner to provide sourcing or other services to Arcline, its affiliates and personnel or the Funds), or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Arcline, its affiliates and personnel, or the Funds. Except in the circumstances and on the timing required by Governing Documents and/or applicable law, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Arcline, the General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Arcline to potential conflicts of interest, including in circumstances where an investor’s right to serve on the Fund’s advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the Limited Partner at the expense of the Fund or of Limited Partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the Fund. As a consequence of one or more Limited Partners being excused or excluded from, or from regulatory, tax or other factors altering or limiting their participation in, investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments. Similar considerations apply in the event a Limited Partner defaults on a capital call in respect of an investment. Although Arcline believes it to be unlikely, excuse or other rights requested or received by one or more Limited Partners (or such regulatory, tax or other factors applicable to such Limited Partners) representing a substantial percentage of a Fund have the potential to create significant variations in Limited Partner investment returns, or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by a General Partner on behalf of a Fund as a whole. A Limited Partner’s voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more Limited Partners’ voting rights generally will effectively increase the voting rights percentage of other Limited Partners in the Fund. Further, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Fund.

The Adviser is permitted to institute a program under which portfolio companies owned by the Fund(s) are encouraged to participate in purchasing, vendor or similar arrangements with the Adviser, its affiliates and other portfolio companies. In such case, program participants would receive discounts negotiated with various vendors and service providers on a group-wide basis. The Adviser would allocate fees and third-party administration costs for the program, if any,

among the Funds and the participating portfolio companies. The Adviser and its affiliates are also permitted to participate in the program in exchange for an allocable portion of any such fees and costs, in which case the Adviser would receive similar benefits and discounts as the portfolio companies participating therein. No such amounts would offset or reduce the Management Fee. The Adviser believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies, which would be to the Fund's benefit as the negotiated discount rates for goods and services are discounted relative to those widely available in the market.

The Adviser, its affiliates and personnel and persons selected by them are entitled to receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Fund under which such portfolio companies make their goods and/or services available at reduced rates. The Adviser, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Discounted prices or better terms offered by a portfolio company to the Adviser, any other portfolio company or third parties have the potential to negatively affect the returns of the portfolio company to the Fund.

Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from an Advisory Board consisting of Limited Partners of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser is affiliated with other Arcline investment advisers, including General Partners and equivalent entities formed and subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. These affiliated entities operate as a single advisory business together with the Adviser and serve as managers, general partners or similar controlling persons of the Funds and other pooled vehicles and generally share common owners, officers, partners, personnel, consultants or persons occupying similar positions.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Arcline has adopted the Arcline Code of Ethics and Securities Trading Policy (the "Code"), which sets forth standards of conduct that are expected of Arcline's principals and personnel and addresses conflicts that arise from personal trading. The Code requires certain Arcline personnel

to report their personal securities transactions, prohibits or requires pre-clearance for Arcline personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Arcline personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Arcline Chief Compliance Officer. In addition, the Code of Ethics requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A free copy of the Code of Ethics will be provided to any investor or prospective investor upon request to Robert Nelson, the Arcline Chief Compliance Officer, at (646) 908-6122. Personal securities transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

Arcline and its affiliated persons may come into possession of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Arcline and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Arcline.

Accordingly, should Arcline or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to any public or non-public company, Arcline generally would be prohibited from communicating such information to clients, and Arcline will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and/or procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Arcline personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and personnel of Arcline and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles are expected to, subject to the Governing Documents, invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of Arcline, as well as third-party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio company, or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

Arcline and its affiliates, principals and personnel expect to carry on investment activities for their own account, for personal or employee investment vehicles and potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (e.g., by time or percentage of capital deployed).

Each General Partner reserves the right, subject to the terms of the Governing Documents, to advance funds on behalf of a Fund and cause such advanced funds to be contributed to such Fund as a special interim equity contribution for investment, to be repaid on a priority basis at a later date. An additional interest-like amount in connection with such advance, intended to compensate the General Partner for its cost of capital, typically is borne by the relevant Fund, as provided in the Governing Documents. The Adviser will effect such advances in a manner it believes to be fair and equitable to the relevant Fund, and consistent with the Adviser's obligations to the Fund under the Governing Documents. Nevertheless, in making such advances, the Adviser is subject to conflicts of interest. In particular, in those circumstances where an additional amount accrues on any such outstanding advances at a rate lower than the relevant Fund's preferred return, the Adviser is expected to have incentives to cause the Fund to make such advances in this manner rather than drawing down Commitments. Where a preferred return begins to accrue after capital contributions by Limited Partners are due (regardless of when the Fund gets an advance, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of advances to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds advanced in lieu of calling capital, such advances typically will reduce the amount of preferred return to which the Limited Partners would otherwise be entitled had the General Partner called capital, and thus could result in the General Partner receiving carried interest earlier than it otherwise would without such advances, all else being equal. The relevant General Partner (in its capacity as such) generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the Limited Partners. In addition, at such time as the Management Fee is calculated based on invested capital, a Limited Partner may pay Management Fees on advanced amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above.

BROKERAGE PRACTICES

The Adviser focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Adviser reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although the Adviser does not intend to substantially engage in public securities transactions (except for private placements of public company securities or securities purchased in connection with, or in anticipation of, acquiring influence over a public company), to the extent it does so, it intends to follow the brokerage practices described below.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser reserves the right to consider a variety of factors, including: (i) a broker's execution capabilities with respect to the relevant type of order; (ii) the commissions charged by a broker, which may be based on the size of the order, the price of the security and whether the receipt of products or services is involved; (iii) the broker's reputation and responsiveness to requests for trade data and other financial information; and (iv) other factors suggested by the SEC for determining best execution.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception. To the extent the Adviser uses “soft dollars” on behalf of the Funds in the future, it will seek to do so within the safe harbor provided by Section 28(e) of the Exchange Act.

While the Adviser does not anticipate engaging in significant public securities transactions other than as described above, to the extent that the Adviser does so, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Adviser also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. The Adviser expects, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Adviser is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

The Funds generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided Arcline believes they are fair and equitable to its clients under the circumstances over time.

In the Adviser’s private company securities transactions on behalf of the Funds, the Adviser reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to engage or retain such parties, the Adviser reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such

services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the Funds generally are private, illiquid and long-term in nature. Accordingly, the Adviser's review process is not directed toward a short-term decision to dispose of securities. However, the Adviser monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its Limited Partners, in addition to such reporting required under the Governing Documents and applicable law, (i) audited financial statements annually commencing with the first year in which it makes an investment together with the valuations of investments and a Limited Partner's closing capital account balance as of each year-end, (ii) an unaudited financial statement for the first three quarters of each fiscal year commencing with the first quarter such Fund calls capital, which shows a Limited Partner's closing capital account balance as of each quarter-end, (iii) annual tax information necessary for each partner's U.S. tax returns, (iv) annual (or more frequent) line-item reporting of Fund expenses borne by the Fund (or its associated entities) during the previous year, and (v) annual (or more frequent) reporting of the aggregate time and expense allocation of the AVCG and the AALF with respect to their services provided to the Fund and other Arcline affiliates during the previous year.

CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser and/or its affiliates, including the AVCG, AVCG members, the Arcline Affiliated Law Firm and/or personnel thereof, intend to provide certain business, consulting or legal services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As provided in the applicable Governing Documents, this compensation would offset a portion of the Management Fees paid by such Fund only to the extent considered "Transaction Fees." In the case of payments to AVCG members and payments to Consultants and/or the Arcline Affiliated Law Firm or personnel thereof, and reimbursements for out-of-pocket expenses, and in certain other cases, such amounts are generally in addition to Management Fees. *See* "Fees and Compensation" above.

Arcline reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Limited Partner in a Fund. These arrangements would generally be disclosed in the relevant Fund's Form D. In the event that the Adviser decides to retain a placement agent or third-party solicitor to facilitate the sale of interests in one or more of the Funds, any fees payable to any such placement agents or third-party solicitors generally will be borne by the Adviser indirectly through an offset against the Management Fee under a Fund's Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically will be borne by the relevant Fund(s).

CUSTODY

The Adviser generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2) (the “**Custody Rule**”) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodians: First Republic Bank, San Francisco, California and BMO Harris Bank, Chicago, Illinois.

INVESTMENT DISCRETION

The Adviser has discretionary authority to manage investments on behalf of each Fund. As a general policy, the Adviser does not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, however, the Adviser and/or its affiliates have entered into, and expect in the future to enter into, Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partner’s investment in a Fund have been altered or varied, including, in some cases, the right to be excused or excluded from certain investments for legal, tax, regulatory or other similar reasons. The Adviser assumes this authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the Limited Partners of such Fund.

VOTING CLIENT SECURITIES

The Adviser has adopted the Arcline Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Funds’ portfolio investments. The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with those of each Fund’s investors, for example, through the Founders’ and other Arcline investment professionals’ beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board is authorized to approve the Adviser’s vote in a particular solicitation. The Adviser does not consider service on portfolio company boards by personnel of the Adviser or the Adviser’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Adviser when voting proxies on behalf of a Fund. If Fund investors would like a copy of the Adviser’s complete Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio companies, please contact Robert Nelson, the Arcline Chief Compliance Officer, at (646) 908-6122 and it will be provided to you at no charge.

FINANCIAL INFORMATION

The Adviser does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.