

ITEM 1 – COVER PAGE

THIRD LAKE

PARTNERS



Form ADV Part 2A
1600 E 8th Ave, Suite A132-A
Tampa, FL 33605
(813) 497-8100
<http://www.thirdlake.com/>

March 29, 2024

This brochure provides information about the qualifications and business practices of Third Lake Partners LLC, a Delaware limited liability company and investment adviser registered with the United States Securities and Exchange Commission (SEC). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer, Kristopher Walker, at (813) 497-8100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration of an investment adviser with the SEC or any state securities authority does not imply any level of skill or training.

Additional information about Third Lake Partners, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

The date of the last annual updating amendment to this brochure was March 31, 2023. A summary of certain of the material changes made to this brochure since the date of the last annual updating amendment is set forth below:

- We updated our regulatory assets under management as of December 31, 2023. *See*, Item 4.E., Advisory Business.
- We updated our disclosures regarding the fees we charge and other related party fees. *See*, Item 5.C., Fees and Compensation.
- We made various additions, updates and revisions to the risk factor disclosures set forth herein. *See*, Items 8B. and 8C., Methods of Analysis, Investment Strategies and Risk of Loss.
- We made updates to our industry affiliations among our management persons as well as other related party disclosures. *See*, Item 10.A. and C, Other Financial Industry Activities and Affiliations.
- We made various updates to our conflicts of interest disclosures. *See*, Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.
- We updated our portfolio investment review team. *See*, Item 13, Review of Accounts.

We encourage all recipients of this brochure to review this document in its entirety. The information set forth in this brochure is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

ITEM 3 – TABLE OF CONTENTS

ITEM 1 – COVER PAGE.....	i
ITEM 2 – MATERIAL CHANGES.....	ii
ITEM 3 – TABLE OF CONTENTS	iii
ITEM 4 – ADVISORY BUSINESS	1
ITEM 5 – FEES AND COMPENSATION.....	2
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	6
ITEM 7 – TYPES OF CLIENTS	7
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	8
ITEM 9 – DISCIPLINARY INFORMATION	51
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	51
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	54
ITEM 12 – BROKERAGE PRACTICES	60
ITEM 13 – REVIEW OF ACCOUNTS	61
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	62
ITEM 15 – CUSTODY	62
ITEM 16 – INVESTMENT DISCRETION	62
ITEM 17 – VOTING CLIENT SECURITIES	63
ITEM 18 – FINANCIAL INFORMATION	644

ITEM 4 – ADVISORY BUSINESS

A. Third Lake Partners, LLC is an investment advisory firm with its principal place of business located in Tampa, Florida. Third Lake Partners, LLC will be referred to in this brochure as “Third Lake,” “we,” the “Adviser,” or the “Firm.”

Third Lake was formed in 2013, and commenced investment advisory operations in 2019. Third Lake was co-founded by its indirect principal owners Kenneth (“Ken”) Jones, who is the managing partner and Robert Forsythe, who is a partner. Each of the principal owners owns their interest in Third Lake indirectly through a limited liability company. The Firm is organized as a Delaware limited liability company.

B. Third Lake serves as an investment advisory firm to a variety of clients on a discretionary and non-discretionary basis across asset classes which include, but are not limited to, real estate, private credit, private equity, venture capital and hedge funds. Third Lake’s clients include, but are not limited to, family offices, high net worth individuals, trusts, private foundations, retirement plans and private investment partnerships through both separately managed accounts (generally such clients are non-discretionary) (such clients referred to as the “SMAs”) and private pooled investment vehicles (such clients referred to as the “Funds” and each a “Fund,” and collectively with SMAs, the “Clients” and each a “Client”) (generally such Fund Clients are discretionary). The Firm also provides financial advisory and due diligence services, among others, as and when requested by SMAs from time to time.

The Adviser, in providing its non-discretionary services to its SMAs, will source and recommend investment opportunities to the SMAs (consistent with each SMA’s investment guidelines). Any investment opportunities in which the SMAs determine to invest will generally be effected through a Fund. Thus, if an SMA Client determines to invest in an investment opportunity sourced and recommended by the Adviser, such assets attributable to such SMA Client will generally ultimately invest in a discretionary Client of the Adviser (i.e., a Fund).

C. Investments are tailored and customized to each SMA’s individual needs and requirements. SMAs could impose investment restrictions. Investments in the Funds will not be tailored to the individual needs of its beneficial owners directly nor will any beneficial owner of a Fund be able to impose restrictions on the types of investments held by such Fund. However, to the extent the Fund directly imposes restrictions on certain types of investments, such restrictions will be detailed in the applicable Fund’s offering and/or related documents.

D. We do not participate in wrap fee programs.

E. As of December 31, 2023, Third Lake managed approximately \$3,185,787,024 total regulatory assets under management of which \$1,593,678,197 is discretionary, and \$1,592,108,823 is non-discretionary.



See Item 8 of this brochure for a more detailed discussion of Third Lake's investment strategies.

ITEM 5 – FEES AND COMPENSATION

General

A. The Adviser does not receive any management fees directly from the SMAs. However, depending on the services that an SMA is receiving, the Adviser will be entitled to other asset-based fees or fees billed on a time spent basis. For instance, the Adviser is also entitled to receive asset-based fees, fixed fees or fees charged on a time spent basis with respect to any due diligence services or other portfolio advisory services. The Adviser is further entitled to be reimbursed for any direct expenses incurred by the Adviser for providing due diligence related services.

With respect to the Funds, the Adviser is entitled to receive annual asset management fees typically in the range of 0.25%-1.25% of assets under management of such Fund and such management fees can vary depending on an investor's actual investment size in a Fund. Thus, while SMAs do not directly bear management fees, they will indirectly be subject to management fees through their investment in the Funds.

Fees are negotiable on a case-by-case basis.

B. The Adviser bills the SMAs on a quarterly basis with respect to any fees that are chargeable to such SMAs. The Adviser deducts its management fees from the Funds directly on a quarterly basis.

C. SMAs also pay for the following expenses which include, but are not limited to, airfare, hotel, lodging, meals, professional and other third-party consulting expenses, expenses related to third party research, publications, data and data services, including real time pricing and market information (such as Bloomberg and Reuters services) and historical pricing and other data, order management systems, portfolio management systems and risk management systems.

Funds pay for all of their own expenses as detailed in the offering and/or related documents of each such Fund which include, but are not limited to, (i) all fees, costs and expenses, if any, incurred in evaluating, negotiating, structuring, acquiring, appraising, selling, financing, refinancing or otherwise dealing with investments pursued for such Fund (whether or not the Fund actually acquires such investments), including fees for property level services, portfolio company level services, any travel costs, legal, due diligence, investment banking, financing or underwriting costs, reporting, projections, valuation, tax and accounting expenses and other fees and out-of-pocket costs related thereto; (ii) all fees, costs and expenses, if any, incurred in relation to the acquisition, holding, developing, monitoring, management, appraising, financing, refinancing, disposing of investments or otherwise dealing with investments, including any travel, legal, audit, financing, appraisal, insurance consulting, brokerage, inspection, indemnification and accounting expenses and other fees and out-of-pocket expenses related thereto; (iii) interest expenses, making temporary investments, brokerage commissions and other investment costs incurred by or on



behalf of a Fund; (iv) indemnification expenses incurred or related to any investment of a Fund; and (v) any other extraordinary administrative or operating fees or expenses. *See also Item 12 – Brokerage Practices.*

All asset-based fees chargeable by the Adviser with respect to any Client are generally taken in advance. In the event of a withdrawal by an investor in a Fund other than as of the last day of a calendar quarter, a pro rata portion of the management fee, based upon the actual number of days remaining in such quarter, will be repaid by the Adviser to such Fund for the benefit of such withdrawing investor to the extent such management fee was taken in advance. Any fees payable to Adviser with respect to an SMA will be pro-rated for partial periods (unless otherwise agreed to between an SMA and Adviser). *See also Item 5.D.*

Other Related Party Fees

In certain instances, TLS (as defined herein), an affiliate of the Adviser, will be referred by the Adviser on behalf of a Client to provide a variety of middle and back office services including but not limited to: portfolio reporting services, reconciliations, administrative services and accounting services. When considering referring TLS to its Clients, Adviser will face conflicts of interest as TLS, on the one hand, and Adviser, on the other hand, are under common ownership and control and as such, Adviser will indirectly benefit (and some or all of its members will directly benefit) from engaging TLS to provide these services to its Clients. That being said, prior to referring TLS to its Clients to provide any services, Adviser will first consider if TLS is well-positioned and well-qualified to provide these services, the rates being charged by TLS are commercially reasonable and not more than a Client would otherwise pay if it went to the open market to bid on a similar contract and hiring TLS will allow for economies of scale because Adviser has institutional knowledge about its Clients that will allow for ease in the provision of services by its affiliate. TLS will be entitled to compensation for the provision of such services. As a result, the Adviser will be incentivized to refer its affiliate to provide these middle and back office related services. Indirect owners of Adviser are also indirect owners of TLS and as such are incentivized to refer Clients to TLS. When considering referring TLS to Clients, Adviser will face conflicts of interest as TLS and Adviser are under common ownership and control and share personnel and owners. Adviser will indirectly benefit (and some or all of its owners will directly or indirectly benefit) from referring TLS to provide services to one or more Clients. Notwithstanding the foregoing, the Adviser will only refer TLS if it takes into account the above considerations, at a minimum. Notwithstanding the foregoing, Adviser will always act in the best interest of its Clients. *See Item 10 and Item 11 of this brochure for additional information.*

TL Development (as defined herein), an affiliate of Adviser, has been and will likely in the future be retained to provide development and construction services with respect to certain investments made by one or more Fund Clients. TL Design (as defined herein), another affiliate of Adviser, has been and will likely in the future be retained to provide interior design and/or construction management services with respect to one or more investments made by one or more Fund Clients. When considering hiring TL Development and/or TL Design, Adviser will face conflicts of interest as



TL Development and TL Design, on the one hand, and Adviser, on the other hand, are under common ownership and control and as such, Adviser will indirectly benefit (and some or all of its members will directly benefit) from engaging both TL Development and/or TL Design to provide these services in connection with underlying investments by one or more Fund Clients. That being said, Adviser will first consider if TL Development and/or TL Design are well-positioned and well-qualified to provide these services, the rates being charged by each of TL Development and TL Design are commercially reasonable and not more than a Fund Client would otherwise pay if it went to the open market to bid on a similar contract and hiring each of TL Development and/or TL Design will allow a Fund Client to closely monitor how its other third party contractors are doing over the course of the project(s). Indirect owners of Adviser are also indirect owners of TL Development and/or TL Design. When considering engaging TL Development and/or TL Design (as the case may be), Adviser will face conflicts of interest as TL Development and/or TL Design (as the case may be) and Adviser are under common ownership and control. Adviser will indirectly benefit (and some or all of its owners will directly or indirectly benefit) from engaging TL Development and/or TL Design (as the case may be) to provide services. Notwithstanding the foregoing, Adviser will always act in the best interest of its Clients. *See Item 10 and Item 11 of this brochure for additional information.*

TL Construction (as defined herein), an affiliate of Adviser, is anticipated to be retained by Adviser to provide general contractor and related services with respect to certain investments made by one or more Fund Clients. When considering hiring TL Construction, Adviser will face conflicts of interest as TL Construction, on the one hand, and Adviser, on the other hand, are under common ownership and control and as such, Adviser will indirectly benefit (and some or all of its members will directly benefit) from engaging TL Construction to provide these services in connection with underlying investments by one or more Fund Clients. That being said, Adviser will first consider if TL Construction is well-positioned and well-qualified to provide these services, the rates being charged by TL Construction are commercially reasonable and not more than a Fund Client would otherwise pay if it went to the open market to bid on a similar contract and hiring TL Construction will allow a Fund Client to closely monitor how its other third party contractors are doing over the course of the project(s). Further, Adviser will always act in the best interest of its Clients. *See Item 10 and Item 11 of this brochure for additional information.*

TLA (as defined herein), an affiliate of Adviser and an SEC registered broker-dealer and FINRA member, from time to time will likely provide securities brokerage services to one or more Clients of Adviser or to entities in which those Clients are invested (either through Adviser or relating to a Fund Client or a separate investment), in connection with equity or debt private placements or financing transactions or investment banking services, and will receive fees or commissions in exchange for its services. Such fees or commissions may be paid directly by such Clients or Fund Clients or by another entity. For certain transactions, Adviser will likely engage TLA for its brokerage services or TLA may otherwise be involved in transactions involving Clients. For example, Adviser may engage TLA to introduce investors to a newly formed Fund Client or introduce TLA to a sponsor of a project to help raise equity or debt financing for such project (in which a Client or Fund Client may also be invested). Applicable fees and commissions charged by TLA, and who bears them, will be disclosed to Clients prior to any closing or investment, along with accompanying disclosures



regarding TLA's role. Certain supervised persons and/or indirect owners of Adviser are also registered persons and/or indirect owners of TLA ("Dual Personnel") and for the services they perform on behalf of TLA in connection with its brokerage business, separately receive compensation from TLA in the form of salary and discretionary bonus (which is in addition to compensation they receive for their services on behalf of Adviser). Such persons perform different services for each entity.

The involvement of TLA in a transaction or the engagement of TLA by Adviser presents conflicts of interest. When considering engaging TLA, Adviser will face conflicts of interest as TLA and Adviser are under common ownership and control and share personnel and owners, such as Dual Personnel. Adviser will indirectly benefit (and some or all of its owners will directly or indirectly benefit) from engaging TLA to provide a brokerage service to one or more Clients (in particular Fund Clients). Given the affiliations, Adviser has an incentive to engage TLA over unaffiliated broker-dealers, transactions between Adviser and TLA are generally not arm's-length, TLA and its registered persons are incentivized to favor Adviser-related or involved offerings or transactions over unaffiliated offerings or transactions, and the decisions by TLA and its registered persons, and Adviser and its supervised persons, relating to an offering or transaction involving Adviser or TLA, respectively, are influenced by such affiliations, which may be in conflict with the best interests of Clients or solicited prospective investors. Although they do not receive transact-based compensation, Dual Personnel have an incentive to recommend investment products involving Adviser and/or TLA given the affiliations. In addition, the greater the aggregate amount of an investment, the greater the compensation received by TLA, and for capital raising activity, the greater the amount of assets to be advised by the Adviser and upon which its advisory fees are based. TLA and Adviser are thus generally incentivized to encourage Clients and investors to increase or maximize their investments.

Given the affiliations between Adviser, TLA and their respective personnel and indirect owners, conflicts of interest involving TLA are inherent and can be mitigated but not eliminated. Clients should be aware of the possibility that such conflicts and their related incentives could affect behavior, consciously or unconsciously. To address conflicts involving TLA, in addition to sufficient disclosure to its Clients, Adviser will consider various factors including the best interests of its Clients, the ability and reliability of TLA to effect the transactions, the qualifications, expertise and/or experience of TLA in providing the anticipated brokerage service, and the commercial reasonableness of the fees/commissions being charged by TLA (taking into account the other factors). Adviser will endeavor to act in good faith and in the best interests of its Client and determine whether the amount of fees/commissions charged by TLA is reasonable in relation to these factors and the value of the brokerage services provided by TLA. Adviser is not obligated to only seek the lowest brokerage cost and the fees/commissions charged by TLA may be greater than another broker-dealer may charge for the same or similar services. Adviser attempts to handle conflicts of interest in a manner that it deems to be fair and equitable under the circumstances, in a particular case or on an overall basis, taking into account the best interests of its Clients but there can be no assurance that it will be fully successful in this attempt in any particular case or set of circumstances or that the conflict can be eliminated or substantially mitigated, especially given inherent conflicts. Clients are not obligated to use the services of TLA and have the option to



purchase different investment products offered by other broker-dealers that are not affiliated with Adviser.

See Item 10 and Item 11 of this brochure for additional information.

D. Certain Fund Clients pay Adviser's asset-based management fees in advance. In general any asset-based management fees (whether or not payable in advance) are pro-rated for partial periods. Adviser will rebate any portion of its asset-based management fee paid in advance with respect to any advisory relationship that is terminated (including with respect to investors in any Fund Client) prior to the end of a calendar quarter.

E. Neither Third Lake nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

See Item 12 of this brochure for additional information regarding Third Lake's brokerage practices.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in Item 5, Third Lake charges fees based on a percentage of assets under management and hourly charges.

In addition, a number of Third Lake affiliates are each eligible to receive carried interest distributions from the beneficial owners of the Funds for which such affiliates serve as general partner or manager. Thus, while Third Lake and its affiliates do not receive performance-based compensation directly from the SMAs, Third Lake will indirectly (through its applicable affiliates) be entitled to receive carried interest distributions to the extent an SMA invests in a Fund that is subject to carried interest distributions. Carried interest distributions are generally, but not in all instances, taken after a preferred return and a catch up.

Third Lake's affiliates' right to receive performance-based compensation could create an incentive for Third Lake to cause a Fund that is subject to carried interest distributions to make investments that are riskier or more speculative than would be the case if Third Lake's affiliate(s) did not receive such compensation. Additionally, Third Lake could be incentivized to favor Funds that are subject to carried interest distributions over other Fund clients when it comes to the allocation of investment opportunities. Notwithstanding the foregoing, Third Lake always acts in the best interest of the Funds.

As Third Lake will manage multiple Client accounts, it has adopted and implemented policies and procedures intended to address conflicts of interest that could arise relating to the management of multiple accounts, including SMAs with different fee arrangements, and the allocation of investment opportunities. Third Lake will review investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The



performance of similarly managed SMAs will also regularly be compared to determine whether there are any unexplained significant discrepancies.

Third Lake will endeavor to allocate investment opportunities among the SMAs and the Funds in a fair and equitable manner. Third Lake's allocation among the SMAs and the Funds often vary based upon, among other factors, the differences in investment objectives, capital constraints, and any anticipated increase or decrease in any particular SMA's or Fund's assets under management. Third Lake does not alter its allocation policy with respect to an SMA and a Fund, or allocate investments or assets among multiple Funds, except in accordance with such Client's governing documents and in accordance with Third Lake's allocation policy. *See Item 11 of this brochure for a summary of Adviser's allocation policy.*

Services which Adviser will render to Clients will not be exclusive. Adviser and each Adviser affiliate advise and will continue to advise a variety of Clients. In addition, Adviser and/or one or more Adviser affiliates do and will serve as the general partner of limited partnerships or investment adviser or in such other capacity for the Funds, and Adviser or any Adviser affiliate will often invest its own funds in one or more such Funds. To the extent the Adviser offers co-investment opportunities, Adviser and its affiliates could also invest in such opportunities. Adviser and any Adviser affiliate will likely form other investment vehicles in the future. All benefits received by Adviser and/or an Adviser affiliate from such vehicles (including the Funds) and activities shall belong to Adviser only and shall not constitute an adjustment with regard to any amount due Adviser hereunder except as discussed herein (if applicable).

See Item 10 of this brochure for additional information regarding Third Lake's investment allocation procedures.

ITEM 7 – TYPES OF CLIENTS

As set forth above in Item 4 of this brochure, Third Lake's Clients include, but are not limited to, family offices, high net worth individuals, trusts, private foundations, retirement plans and private investment partnerships. Third Lake's only discretionary Clients will be the Funds (which have been and will continue to be formed in order to facilitate various investments and opportunities) and which comprise both limited partnerships and limited liability companies. All Clients (including investors in the Funds) are required to be accredited investors and qualified purchasers.

There are no minimum amounts required to open an SMA.

The Funds will require minimum capital commitments and/or capital contributions generally of at least \$1,000,000, which amounts can be waived or reduced in the discretion of the general partner and/or manager (as the case may be) of each such Fund (each of which is either an affiliate of Third Lake or is Third Lake).



ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis.

Third Lake will take a value oriented, research-driven approach to investment, identifying potential high-performing opportunities. Third Lake expects investments to have long holding periods and little to no publicly available information and require in depth due diligence and analysis. Investments in securities involves risk of loss that Clients should be prepared to bear.

B and C. Material Risks of Significant Strategies and Risks of Particular Types of Investments

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in any or all of the strategies. Prospective Clients and investors should read this entire Form ADV and all accompanying materials provided by Third Lake and consult with their own advisers before deciding whether to invest with or be advised by Third Lake. In addition, as the strategies develop and change over time, an investment will likely be subject to additional and different risk factors. There will likely be other risks specific to any decision to invest with or be advised by Third Lake which are not discussed herein. Subject to the next sentence, these risk factors should be read as being specific to all Clients, notwithstanding any references below to a “Fund” (which should be read to include all Clients who are invested in such Fund and/or strategy, unless the context otherwise requires). Notwithstanding the foregoing, Clients should note that risk factors applicable to a particular Client will be driven by the particular investment strategy implemented for such Client and Clients are urged to read this section in conjunction with the constituent and related documents applicable to such Client.

Material Risks of Significant Investment Strategies

General Market and Economic Conditions. Changes in general global, regional and U.S. economic and geopolitical conditions and national and international political circumstances and developments and other circumstances (including wars, epidemics and pandemics, terrorist acts, security operations, bank failures, disruptions in the financial services industry and natural disasters), as well as changes in government policy precipitated by the foregoing, may affect our and the Funds’ activities. For example, the hostilities and disputes between Russia and Ukraine as well as the recent bank failures could destabilize the worldwide economy and equity markets in various respects. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment. Material changes and fluctuations in the economic environment, particularly of the type experienced since 2008 that caused significant dislocations, illiquidity and volatility in the wider global economy, and the market changes that have resulted and may continue to result from the spread of COVID-19 and the recent adverse developments affecting the U.S. and international financial services industries, may affect



the Funds' ability to make investments and the value of investments held by the Funds or the Funds' ability to dispose of investments. Specifically, in March 2023, both Silicon Valley Bank ("**SVB**") and Signature Bank were closed and swept into receivership with the Federal Deposit Insurance Corporation (the "**FDIC**"). In addition, First Republic Bank's credit rating was downgraded after securing billions in funds from other financial institutions to avoid closure, and Credit Suisse was rescued with a buy-out from UBS. Such failures led to depositors withdrawing their funds from these and other financial institutions, leading to severe market disruption and extreme volatility in the prices of the securities issued by financial institutions. The short-term and the longer-term impact of these events are uncertain, but they could continue to have a material effect on general economic conditions, consumer and business confidence and market liquidity. Any economic downturn resulting from a recurrence of such marketplace events and/or continued volatility in the financial markets could adversely affect the financial resources of entities owned by the Funds. Additionally there has been discussion and dialogue regarding potential significant changes to U.S. trade policies, legislation, treaties and tariffs trade policies and tariffs affecting Canada, Mexico, China, the European Union and other countries. Tariffs and other trade restrictions imposed by the U.S. government and any further similar changes in U.S. trade policy have triggered some, and could trigger additional, retaliatory actions by affected countries, possibly resulting in "trade wars". At this time, it is unknown whether and to what extent additional new legislation will be passed into law, pending or new regulatory proposals will be adopted (including with respect to bank reform), international trade agreements will be negotiated, or the effect that any such action would have, either positively or negatively, on the Funds or their investments. Investments can be expected to be sensitive to the performance of the overall economy. Moreover, a serious pandemic, recent bank failures, government shutdown, work stoppage, natural disaster, armed conflict, threats of terrorism or terrorist attacks and the impact of military or other action could severely disrupt global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer and business confidence may negatively impact market value, increase market volatility and reduce liquidity, all or any of which could have an adverse effect on the performance of the Funds' investments, the Funds' returns and the Funds' ability to make and/or dispose of investments. No assurance can be given as to the effect of these events on the Funds or their investment objectives. Global economic and market conditions have been materially adversely affected by the ongoing conflict between Russia and Ukraine as well as recently by turmoil in the banking industry.

Disruption in the Financial Services Industry. The ability to make investments, secure funding and engage in other transactions could be adversely affected by the actions and stability of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty and other relationships. As a result, defaults by, or even rumors or questions about, one of more financial service institutions, or the industry generally, have historically led to market-wide liquidity problems. Losses of depositor, creditor and counterparty confidence and could lead to losses or defaults by the Funds or other institutions. In response to the bank failures at SVB and Signature Bank and the resulting market reaction, the Secretary of the Treasury, the Federal Reserve and the FDIC indicated that all depositors of SVB and Signature Bank would have access to all deposits by utilizing the Deposit Insurance Fund, including bridge banks to assume all



of the deposit obligations of the failed banks, while leaving unsecured lenders and equityholders of such institutions exposed to such losses. The Federal Reserve also created the Bank Term Funding Program to ensure banks have the ability to meet the needs of their depositors. There is no guarantee that the Department of Treasury, FDIC and the Federal Reserve will provide access to uninsured funds in the future in the event of the closure of other financial institutions (or do so in a timely fashion) and it is uncertain whether these steps by the government will be sufficient to calm the financial markets, reduce the risk of significant depositor withdrawals at other institutions and thereby reduce the risk of additional bank failures.

Public Health Risk. The Funds and their affiliates and service providers could be adversely affected by the effects of a widespread outbreak of contagious disease, such as the novel coronavirus (“**COVID-19**”) pandemic. Public health crises can develop rapidly and unpredictably, which may prevent governments, asset managers, companies or others (including us, the Funds or the Funds’ investments) from taking timely or effective steps to mitigate or reduce any adverse impacts to the Funds and their investments. The extent and duration of any such impacts will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Any outbreak of contagious diseases and other adverse public health developments, together with any resulting disruptions or restrictions on travel, quarantines or “stay-at-home” orders, social distancing policies and/or quarantines imposed or recommended by governments and private parties in the jurisdictions where the Funds or their investments are based (together, the “**Isolation Measures**”), could have a material and adverse effect on the Funds and their investments, including by disrupting or otherwise adversely affecting the human capital, business operations or financial resources of the Funds, their investments, or their respective service providers (which could, in turn, adversely impact the ability of such service providers to fully support the administration and operations of the Funds or their investments).

In addition, a significant outbreak of contagious diseases in the human population, and any containment or other remedial measures imposed (including isolation measures), may result in a widespread health crisis that could severely disrupt global, national and/or regional economies and financial markets and cause an economic downturn that could adversely affect the performance of the Funds and/or their investments. Although the long-term economic fallout of the COVID-19 pandemic is difficult to predict, it is likely to continue to contribute to market volatility and lead to an economic slowdown given the disruption to supply chains across sectors and industries worldwide, which may reduce investment activity more generally and materially and adversely affect the Funds and/or their investments. To the extent an epidemic or pandemic, including COVID-19, is present in jurisdictions in which we have offices or other operations or investments, it could affect the ability of us and our affiliates to operate effectively, including the ability of personnel to function, communicate and travel to the extent necessary to carry out the investment strategies and objectives of the Funds.

The performance of the Funds may also be affected by particular issues affecting companies, regions or sectors of their investments. The extent of any such impacts will depend on future



developments, which are highly uncertain and cannot be predicted at this time. There are no comparable recent events in the United States or globally that provide guidance as to the effect of the spread of a pandemic such as COVID-19 on the economy as a whole and the specific sectors in which the Funds may invest. Prospective investors should note that any information provided regarding the most recent valuations of an investment, including our historical investments and assets under management, was determined and relates to periods after the widespread outbreak of COVID-19. Given the levels of uncertainty, economic and financial market disruptions and volatility in connection with the outbreak, it is possible recent valuations and/or current or prior performance of prior Funds and their investments could be adversely impacted for current and future periods (at least in the short term).

Force Majeure Events. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, labor strikes, outbreaks of disease and potentially other events or occurrences. Force majeure events in the United States and elsewhere in the world may adversely affect the ability of clients, us, affiliates or agents or the parties with whom they do business to perform their respective obligations, under a contract or otherwise. In addition, dealing with any force majeure event will divert our time and effort, and the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are impossible or costly to cure may also have a permanent adverse effect on clients or their investments, and a client's potential returns would be diminished as a result. In particular, the hostilities between Russia and Ukraine, and the sanctions imposed or announced by the United States and various other countries in response to such hostilities, could adversely affect the worldwide economy and the investment activities of clients.

Risk of Loss. Investing in securities involves risk of loss that Clients should be prepared to bear. The investment strategies described above involve a substantial degree of risk, and Clients could lose all or a substantial portion of the value of their investments. No guarantee or representation is made that the strategies will be successful, that the targeted return and risk will be achieved or maintained, or that the various investments made in the accounts will have low correlation with each other or with the financial markets in which the accounts invest.

Non-Controlling Investments. A Fund could hold less than 50% of the outstanding voting interests of a portfolio company, or might hold investments in debt instruments or other securities that do not entitle the Fund to voting rights, and, therefore, could have a limited ability to protect its investment in such portfolio company.

Diversification. There can be no assurance as to the degree of diversification that will actually be achieved in a Fund's investments, and the Firm anticipates that each Fund's portfolio will not be a diversified portfolio. Fund investments could be made in built-for-purpose portfolio



companies that serve the needs of different markets, as well as portfolio companies that are in the early-to-mid stages of their development and serve similar markets. We strive to mitigate risk with intensive research and a studied approach, but because investing in early stage companies is unpredictable and a substantial portion of certain Funds' committed capital could be invested in such companies, a loss with respect to one or more of such portfolio companies could have a significant adverse effect on the Funds' returns. Likewise, a substantial portion of the committed capital of other Funds under our management could be committed to a limited number of larger, later stage companies, a loss with respect to one of these portfolio companies could have a material adverse effect on such Funds' returns. *See Investments in Less Established Businesses.*

Reliance on Third Lake Management. A Fund's success will depend in large part upon the skill and expertise of Third Lake, and there can be no assurance that any individual Third Lake professional will continue to be associated with the Fund.

Potential for Fraud. In spite of Adviser's efforts to invest in reputable and trustworthy companies, there is a risk that a Client may invest in issuers that engage in fraud. Instances of fraud can be particularly difficult to detect and prevent. To the extent that a Client invests in a company that engages in fraud, such Client could lose all or a substantial portion of its investment in such company and it could have a material adverse effect on such Client's financial condition and results of operations.

Terrorist Attacks, War and Natural Disasters. Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad, as well as natural disasters may adversely affect the United States, its financial markets and global economies and could prevent Adviser and a Client from meeting their respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and/or natural disasters have created many economic and political uncertainties and may continue to do so in the future, which may adversely affect the United States and world financial markets and a Client for the short or long-term in ways that cannot presently be predicted.

Inflation. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. For example, if an Investment is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Portfolio companies may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, an Investment may earn more revenue but may incur higher expenses. As inflation declines, an Investment may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Past governmental efforts to curb inflation have also involved more drastic



economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the returns.

Macroeconomic Risk. General economic conditions, including interest rates, rates of inflation, the availability of financing, the price of securities and participation of other investors in the financial markets may adversely affect the value and number of Investments made by a Client as well as the projected returns on those Investments. Unexpected volatility and illiquidity in markets may have an impact on a Client's performance or result in losses. In particular, the full impact of the COVID-19 coronavirus pandemic and its short, medium and long term impact on general economic conditions remains uncertain and is likely to remain uncertain for some time. Consequently COVID-19 (or any similar illness, disease or virus) may adversely affect the value and number of investments made by a Client as well as the projected returns on those investments.

Certain Risks Associated With Private Equity and Venture Capital Investments

Risks that are attributable to one type of strategy (i.e., venture capital) should not be read to encompass another type of strategy (i.e., private equity) (as the case may be). All other risk factors described herein apply to both private equity and venture capital Investments. Prospective investors and Clients should read the applicable SMA agreement and/or Fund offering documentation (as the case may be) in order to understand the specific risks attributable to the particular Investments that will be made by Third Lake and Clients should consult with their own advisers about the suitability of opening an account with Third Lake and/or investing in a Fund managed by Third Lake.

Reliance on the Management of Portfolio Companies. Although it is Third Lake's intention to ensure that Fund portfolio companies have strong management teams, the success of any portfolio company will depend to a high degree on the performance of its management team, and there can be no assurance that any portfolio company's management team will be able to operate successfully. To mitigate that risk, Third Lake actively evaluates management team performance at portfolio companies and will add talent, supplement or modify the management teams to facilitate portfolio company growth.

Venture Capital Investments. Investments in new ventures are subject to greater risk of loss than investments in companies with more stable operations or financial conditions. Equity investments in start-up companies are susceptible to a high degree of volatility due to, inter alia, limited financial resources, small management teams, limited product lines and markets and unpredictable development of technologies. More specifically, risks particularly related to early-stage investments include the uncertainty of unproven technologies or products, the possibility of greater market acceptance of competing technologies, products or ventures; the possibility of unanticipated development of newer, superior technologies or products; the inability to obtain necessary financing; the inability to expand beyond narrow market niches; the unexpected costs of fully developing products or processes; and insufficient or inadequate management or marketing. In many instances, start-up ventures operate at a substantial loss for extended periods of time.



New ventures may have little or no operating history or proven ability to generate revenues or profits. They may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. A Client's investment decisions may involve projections concerning the future growth and performance potential of Investments and their underlying portfolio companies; such projections are subject to uncertainty and to factors beyond the control of such Client.

Investments in Less Established Funds. A Client may make investments with underlying managers in a fund, special purpose vehicle, joint venture or co-investment arrangement (among others) (collectively, "Underlying Investments") of which may have relatively short (or no) track records and that may rely on a limited number of key personnel. Such Investments may in turn invest in portfolio companies that have no, or relatively short, operating histories, which may have to compete with other companies with greater resources, which are also dependent upon a few key individuals for the successful development and manufacture of products, management, marketing or other critical functions, which may be engaged in a rapidly changing business with products subject to substantial risk of obsolescence or which may require substantial additional capital to support. Furthermore, a Client will not necessarily have the opportunity to evaluate the economic, financial and other information that will be used by underlying managers in their selection, structuring, monitoring, and disposition of assets. See also, "Risk Factors – Investments in Less Established Businesses."

Equity Securities. A Client could be invested in common and preferred stock and other equity securities, including public and private equity securities. Equity securities generally involve a high degree of risk and will be subordinate to debt securities and other indebtedness of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. In some cases, the issuers of such equity securities will be highly leveraged or subject to other risks such as limited product lines, contracts, markets or financial resources. In addition, actual and perceived accounting irregularities could cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be subject to accounting irregularities. A Client could experience a substantial or complete loss on individual equity securities.

Debt Investments. A Client could be invested in debt securities, including, without limitation, higher yielding (and, therefore, higher risk) debt securities. Such debt could be secured or unsecured and could be structurally or contractually subordinated to substantial amounts of senior indebtedness. In the event of bankruptcy or liquidation of an issuer of such debt securities, there will likely not be sufficient proceeds to repay the holders of such debt securities following



repayment to the holders of senior indebtedness. Moreover, such debt investments might not be protected by financial covenants or limitations upon additional indebtedness, and there is no minimum credit rating for a Client's debt investments. In certain cases, such debt will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market values of certain debt securities could reflect individual corporate developments. It is likely that a major economic recession could have a materially adverse impact on the value of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, could also decrease the value and liquidity of debt securities. In addition, debt investments are subject to credit and interest rate risks.

Investments in Less Established Businesses. Certain Clients will be invested in less established companies. Such investments generally involve greater risks than those that are generally associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure than established companies. Less established companies also typically have shorter operating histories on which to judge future performance and often have negative cash flow. As such, an investment in a less established company is highly speculative and could result in the loss of a Client's entire investment in such company.

Investments in Later-Stage Companies. Certain Clients will be invested in later-stage companies, which involve different types of risks than less established or growth stage companies. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a new business or develop new products and markets; these activities likely involve a significant amount of change for such companies and could cause significant issues or disruptions in sales, manufacturing and general management of such companies.

Non-Controlling Investments. Certain Clients will likely hold non-controlling interests in one or more portfolio companies, including in the form of debt securities or other debt or equity-like instruments, and, therefore, a Client will have a limited ability to protect its position in such investments. Other investors in such portfolio companies will likely have economic or business interests or goals that are inconsistent with those of a Client, and a Client might not be in a position to protect the value of its investments in such portfolio companies, which could result in restrictions on a Client's investments being sold or such investments incurring substantial losses. There can be no assurance that a Client will be able to realize the value of any such investments.

Material, Non-Public Information. Underlying managers of the Underlying Investments may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. A manager to an Underlying Investment would not be free to act upon any such information. Due to these restrictions, a manager to an Underlying Investment may not be



able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it might otherwise have sold.

Investments in Unquoted Companies. Investments in unquoted companies may involve greater risks than Investments in quoted companies as the unquoted companies may be smaller, more vulnerable to changes in technology and/or general economic, geographic or market conditions, and may be more dependent on the skills and commitment of a small management team. Unquoted Investments can take several years to mature – accordingly, while long-term performance of a Client may be satisfactory, performance in the early years may be poor. Investments in unquoted companies can be difficult to realise and are typically illiquid.

Pre-IPO Investments. A Client or any Underlying Investment may purchase the securities of underlying portfolio companies prior to such portfolio company making an initial public offering of its securities with a view to realising a significant profit upon their listing. A Client or any Underlying Investment may not be able to sell the pre-IPO securities until such time as the underlying portfolio company goes public or after the expiration of any lock-up periods required by applicable laws and regulations. Further, due to market conditions and other events out of the control of, a General Partner, Adviser and/or the manager or affiliate of any Underlying Investment, the underlying portfolio company may not complete the initial public offering of the securities. In the event the initial public offering is not consummated, a market may not exist for the sale of such pre-IPO securities.

Co-Investments with Third Parties. Certain Clients will likely coinvest with third parties (and/or affiliates) through jointly owned acquisition vehicles, partnerships, joint ventures or other structures (i.e., co-investments). In such situations, a Client's ability to control its co-investments will depend upon the nature of the joint investment arrangements with any such co-investors and a Client's relative ownership stake in such co-investments. A Client will likely be a minority investor in these circumstances. In addition, such arrangements will likely restrict a Client's ability to dispose of such co-investments for potentially significant periods of time. Such co-investments involve risks not present in investments where a third party is not involved. A co-venturer or partner of a Client could at any time have economic or business interests or goals (including with respect to the timing or price of sale) which are inconsistent with those of a Client and could be in a position to take action inconsistent with (or block actions which are consistent with) a Client's investment objectives. A Client could potentially be liable for certain actions of its co-venturers or partners. Co-investments will also likely involve higher costs and expenses than other potential investments.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Risk of Fraud in Portfolio Companies. Before making investments, Third Lake will conduct due diligence it deems reasonable and appropriate based on the facts and circumstances applicable to each prospective investment. Due diligence will likely entail evaluation of important and complex business, financial, tax, accounting, environmental, and legal issues. Outside consultants, legal advisors, accountants, investment banks, and other third parties will likely be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants will likely present a number of risks primarily relating to Third Lake's reduced control of



the functions that are outsourced. In addition, if Third Lake is unable to timely engage third-party providers, the ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, Third Lake will rely on the resources available to them, including information provided by the prospective investment itself and, in some circumstances, third-party investigations. Due diligence might not reveal or highlight all relevant facts that might be necessary or helpful in evaluating such investment opportunity. There can be no assurance that Third Lake will interpret any due diligence facts appropriately or appropriately weight the importance of any such facts. Moreover, such an investigation will not necessarily result in the prospective investment being successful. There can be no assurance that attempts to provide downside protection, including pursuant to risk management procedures, with respect to investments will achieve their desired effect and potential investors should regard an investment in a Client as being speculative and having a high degree of risk.

There can be no assurance that a Client will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by a Client will be adequate. In the event of fraud by any portfolio company or any of its managers or affiliates, a Client could suffer a partial or total loss of capital invested in that portfolio company. There can be no assurances that any such losses will be offset by gains (if any) realized on a Client's other investments. An additional concern is the possibility of material misrepresentation or omission by a counterparty. Such inaccuracy or incompleteness could adversely affect the value of a Client's securities and/or instruments in such portfolio company or could adversely affect the ability of a Client to perfect or effectuate a lien on the collateral securing the investment. A Client will rely upon the accuracy and completeness of representations made by counterparties in the due diligence process to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Client could potentially be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Risks Relating to Misconduct. Instances of fraud and other deceptive practices committed by third parties in connection with any financial asset in which a Client invests could undermine Third Lake's due diligence efforts with respect to such investments, and if such fraud is discovered, negatively affect the valuation of a Client's investments. In addition, when discovered, financial fraud is likely to contribute to overall market volatility, which can negatively impact a Client's investment program. No assurances can be given that the due diligence performed by Third Lake will identify or prevent any such misconduct.

Contingent Liabilities. In connection with executing an investment, a Client might (directly or indirectly) assume, or acquire, a financial asset subject to contingent liabilities. These liabilities will likely be material and will likely include liabilities associated with pending litigation, regulatory investigations or environmental actions, among other things. To the extent these liabilities are realized, they are likely to materially and adversely affect the value of a financial asset. In addition,



if a Client has assumed or guaranteed these liabilities, the obligation would be payable from the assets of a Client. In connection with the disposition or financing of an investment, a Client might be required to make representations about the investment or be responsible for the contents of disclosure documents. A Client will likely also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate or with respect to certain potential liabilities or other obligations. These arrangements could result in the incurrence of accrued expenses, liabilities, or contingencies for which reserves or escrow accounts might be established. In that regard, distributions, including final distributions, to Clients (including investors in Fund Clients) will be subject to any such reserves or holdbacks and might be required to return amounts distributed to them to fund a Client's indemnity obligations or other obligations arising out of any legal proceeding against a Client, its general partner (if applicable), Third Lake or any of their respective affiliates. Furthermore, a Client (or an investor in a Fund Client) who receives a distribution in error or in violation of applicable law will, under certain circumstances, be obligated to recontribute such distribution.

Joint Venture Partners. A Client might co-invest with third-party operators and/or joint venture partners. Investments made with such operators and partners generally involve carried interest and/or fees payable to such operators and partners (although netting in certain instances could be effected as further described herein). In addition, such operators and partners could have preexisting investments with Third Lake (or an affiliate). The terms of these preexisting investments will likely differ from the terms upon which a Client invests with such operators and partners. To the extent a dispute arises between Third Lake and such operators and partners, the investments (including current investments) relating thereto are likely to be affected.

Bridge Loans. A Client could lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans will typically be either repaid, refinanced or convertible into more permanent, long-term security; however, for reasons not always in a Client's control, such long term securities might not be issued and such bridge loans might remain outstanding. In such event, the interest rate on such loans might not adequately reflect the risk associated with the unsecured position taken by a Client and could result in greater concentration to a particular company and sector than anticipated.

Investments in Private Companies. Third Lake expects to make investments (including equity investments) in privately held companies. Such investments involve a number of particular risks, including that: (i) private companies in many cases have limited financial resources and limited access to additional financing, which will likely increase the risk of their defaulting on their obligations, leaving creditors such as a Client dependent on any guarantees or collateral they have obtained, (ii) private companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns, (iii) there might not be as much information publicly available about these companies as would be available for public companies and such information might not be of the same quality, and (iv) private companies are more likely to depend on the management talents and efforts of a small group of



persons and, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations.

First Lien Loans. The assets of a Client's portfolio are likely to include first lien senior secured debt, including term loans and revolving loans and will potentially pay interest at a fixed or floating rate. A Client in certain cases is likely to acquire interests in first lien loans by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if a Client acquires loans pursuant to an assignment, it is possible that a Client's claims could be subject to attack (i.e., equitable subordination (as more fully discussed below) or disallowance) on account of the conduct of the transferee. Some of the senior secured loans acquired by a Client potentially will be rated below investment grade or not be rated by a credit rating agency. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in senior secured loan trading will provide an adequate degree of liquidity for the investments therein. The factors affecting an issuer's first lien loans, and its overall capital structure, are complex.

First lien loans are subject to a variety of risks and can cause unsecured creditors to seek remedies in order to limit a Client's potential recovery of such investments, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance," (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations, (v) environmental liabilities that might arise with respect to collateral securing the obligations, (vi) re-characterization claims in which certain creditors seek to have a Client's debt positions re-characterized as equity and therefore subordinate a Client's claims to such creditors' claims and (vii) designating the vote (i.e., ignoring the customary class vote system) under a chapter 11 plan of reorganization in which lenders are entitled to vote as a class. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

Investments potentially will likely be subject to early redemption features, refinancing options, pre-payment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by a Client earlier than expected. It is common for first lien debt to be repaid prior to its maturity, thus, the actual duration of such investments is typically shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments are permitted and the timing of prepayments cannot be predicted with any accuracy. The degree to which issuers prepay senior debt, whether as a contractual requirement or at their election, are often affected by general business conditions, market interest rates, the issuer's financial condition and competitive market conditions among lenders.



A Client and/or Third Lake could incur lender liability as a result of its lending activities. In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed “lender liability.” Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower, its other creditors or shareholders or third parties harmed by the borrower. A Client and/or Third Lake might be subject to allegations of lender liability, which could result in significant liability.

Second Lien Senior Loans. The assets of a Client’s portfolio could also include second lien senior secured debt, including term loans and revolving loans and will potentially pay interest at a fixed or floating rate. Investments in second lien senior loans often will be unsecured and will rank behind the issuer’s secured indebtedness, including first lien senior loans. Second lien loans are subject to the same risks associated with loans in general described above under “First Lien Loans.” However, second lien senior loans are subordinate in right of payment to one or more senior secured loans of the related borrower and therefore are subject to additional risk that the cash flow of the related borrower and the property securing the loan might be insufficient to repay the scheduled payments to a Client after giving effect to any senior secured obligations of the related borrower. Second lien senior loans are also expected to be a more illiquid investment than senior secured loans for such reason. There also is less likelihood that a Client will be able to sell participations in second lien loans that it originates or acquires, which would expose a Client to increased risk.

Participation Interests. A Client could purchase participation interests in debt instruments which do not entitle the holder thereof to direct rights against the obligor. Participations held by a Client in a selling institution’s portion of a debt instrument could result in a contractual relationship only with such selling institution, not with the obligor. A Client generally will have the right to receive payments of principal, interest and any fees to which it is entitled only from the selling institution selling the participation and only upon receipt by such selling institution of such payments from the obligor. In connection with purchasing participations, a Client generally will have no right to enforce compliance by the obligor with the terms of the related loan agreement, nor any rights of set-off against the obligor and a Client potentially will not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation. As a result, a Client will assume the credit risk of both the obligor and the selling institution selling the participation. In the event of the insolvency of such selling institution, a Client potentially will be treated as a general creditor of such selling institution, and potentially will not benefit from any set-off between such selling institution and the obligor. Recent, well-publicized weaknesses in certain financial institutions might be indicative of increased counter-party risk with respect to, among other things, participation interests. Additionally, the transparency of financial statements used by such financial institutions, in particular, with respect to the value of complex financial assets, has been called into question. When a Client holds a participation in a debt instrument, it potentially will not have the right to vote to waive enforcement of any restrictive covenant breached by an



obligor or, if a Client does not vote as requested by the selling institution, it potentially will be subject to repurchase of the participation at par. Selling institutions voting in connection with a potential waiver of a restrictive covenant might have interests different from those of the Fund, and such selling institutions might not consider the interests of a Client in connection with their votes.

Debt-like Instruments. A Client could hold equity securities that have features that are more commonly associated with debt instruments, such as a contractually defined dividend rate and a specified maturity on the equity. Such securities are typically senior to the common equity of the company, but junior to all senior and subordinated debt of the company, and tend to have few or none of the financial or other covenants associated with debt instruments. When compared with common equity, such securities tend to have less risk, but lack the, or have a limited, ability to vote on decisions of the issuer.

Reliance on Management of Portfolio Companies. Although Third Lake will monitor the performance of portfolio companies and the investments, it will generally rely substantially upon the management teams of such portfolio companies (or Underlying Investments) to operate such companies on a day-to-day basis. Consequently, the value of Investments will often or always be affected significantly by the efforts and decisions of operating management teams (or a manager to an Underlying Investment). In situations where incumbent managers or founders are supplemented with or replaced by professional management teams, operating cultures or key relationships with customers, suppliers, personnel or others might be adversely affected. In addition, if a portfolio company is unable to attract and retain a qualified, competent and effective management team, the business, financial condition and prospects of such portfolio company and the value of the investment could be materially adversely affected. While Third Lake will attempt during the due diligence process to assess the relative capabilities and depth of company managers and will monitor performance over the course of an investment (and with respect to investments in fund of funds, will seek to invest in such vehicles who follow the same or similar protocols), no assurance is given that these efforts will be sufficient to overcome any decisions made or activities undertaken by management teams or that the supplementation or replacement of operating managers will be successful.

Investments Longer than Term. A Client (i.e. generally a Fund Client) may make Investments that may not be fully realized prior to the date on which such Client (i.e. a Fund Client) will be dissolved, either by expiration of the Fund Client term or otherwise. Although Adviser expects that Investments will have matured sufficiently by the time of dissolution of such Fund Client, such Fund Client may have to sell, distribute or otherwise dispose of Investments (including pursuant to one or more secondary transactions) at a disadvantageous time for a price that is less than the price that could have been obtained if the Investments were held for a longer period of time or alternatively may be required to hold its unrealized Investments for a period beyond the scheduled term of such Fund Client and incur administrative and other expenses during this period.



Nature of Certain Investments. Portfolio companies are likely to be unseasoned, unprofitable or lack established operating histories or earnings, and are likely to also lack technical, marketing, financial and other resources. These companies are likely to be dependent upon the success of one product or service, a unique distribution channel or the effectiveness of its manager or management team. The failure of this one product, service or distribution channel or the loss or ineffectiveness of a key executive or executives within the management team could have a materially adverse impact on such companies. Furthermore, these companies could be more vulnerable to competition and to overall economic conditions than larger, more established entities.

Investments (both directly and indirectly) will generally be early stage companies or start-up stage companies with little or no existing operations. Particularly in early stage enterprises, a major risk exists that a proposed technology or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated. The technology and products generally will also be subject to a high degree of technical obsolescence. There is no assurance that any portfolio company can successfully develop future generations of its technology or products. Additional funds might be necessary to complete such development, and there is no assurance that such funds will be available from any particular source.

Identification of Investment Opportunities. A Client's success will depend primarily upon the identification and availability of suitable investment opportunities. The business of identifying and structuring venture capital or private equity investments are often highly competitive and involves a high degree of uncertainty and risk and Third Lake will also be relying on underlying third party managers to seek suitable investments). There generally will be little or no publicly available information regarding the status and prospects of companies in which a Client invests (directly or indirectly) or is considering. Many investment decisions by Third Lake will be dependent upon the ability of Third Lake and its affiliates to seek quality third party managers with whom to investment and to obtain relevant information from non-public sources, and Third Lake often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The availability of investment opportunities will be subject to market conditions and certain other factors that will be outside the control of Third Lake. Clients (including investors in Fund Clients) might never be fully invested if Third Lake does not identify enough sufficiently attractive investments during any applicable investment period. There can be no assurance that Third Lake will be able to identify sufficient attractive investment opportunities generally to meet a Client's investment objectives or that Clients (or investors in Fund Clients) will be able to participate in any such investment opportunities (directly or indirectly).

Preferred Stock. Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends.



Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock might be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends will likely be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock could also be subject to optional or mandatory redemption provisions.

No Assurance of Profit or Distributions. The marketability and value of investments will generally depend upon factors beyond the control of a Client and Third Lake. There can be no assurance that investments will be profitable or realized or that any distributions will be made to Investors with respect thereto. Distributions will ultimately depend upon the success of the investments made by a Client. Distributions also will be subject to the terms and provisions of the constituent documents, including, without limitation, any expenses and other liabilities or obligations of a Client. The expenses of a Client or any investment could exceed its income, and Investors could lose the entire amount of their invested capital. An investment in a Client that is a Fund should only be considered by persons who can afford a loss of their entire investment.

Third Lake will likely consider investments that have not been profitable since their inception. There can be no assurances as to when and whether an investment (directly or indirectly) will be able to commercialize its products and technologies and/or realize any revenues. No assurance can be given that any product or service of an underlying portfolio company will receive market acceptance or that either the portfolio companies directly or the underlying third party managers indirectly will adequately manage the products and services or anticipate material changes in the market. Early stage companies are subject to all risks inherent in the establishment of a developing new business.

Long-Term Nature of Investments. Investments are not expected to be liquidated or realized for a significant period of time after such investment is initially made. Factors such as overall economic and market conditions, the performance of the applicable portfolio company, the competitive environment and the availability of potential acquirers could shorten or lengthen a Client's holding period with respect to an investment (directly or indirectly). Accordingly, it is not likely that any significant return from the disposition of an investment will occur for a number of years after such investment is made.

Need for Additional Capital. A Client's direct and indirect portfolio companies, who could and often will likely be in a development or "platform" phase, could be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from a Client or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company would likely have to raise additional capital at a price unfavorable to the existing investors, including a Client. In addition,



a Client could make additional investments in debt, equity or a combination thereof or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve a Client's proportionate ownership when a subsequent financing is planned, or to protect an investment when such portfolio company's performance does not meet expectations (whether directly or indirectly). The availability of capital is generally a function of capital market conditions that are beyond the control of a Client or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Hedging Transactions and Interest Rates. A Client could seek to hedge against fluctuations in the interest rates with respect to its loan transactions although there is no guarantee Third Lake will be successful in protecting against unforeseen movements in interest rates. Hedging could be in the form of interest rate swaps or other derivative or traditional instruments in the sole discretion of Third Lake.

Co-Investments with Third Parties and Investments in Third Party Managers. A Client might co-invest with third parties through joint ventures or other entities and a Client will invest in underlying investment funds (or special purpose vehicles or managed accounts) managed by third party managers ("Manager Investments"). Such investments could include risks in connection with such third party involvement, including the possibility that a third party co-venturer could have financial difficulties, could have economic or business interests or goals that are inconsistent with those of the Fund and/or could be in a position to take (or block) action in a manner contrary to a Client's investment objectives, and/or investments in Manager Investments could result in riskier underlying investments due to the fact that such third party manager could be entitled to receive compensation based on the profitability of such investments. In those circumstances where such third parties involve a management group and/or with respect to Manager Investments, such third parties are expected to have compensation arrangements and generally will receive compensation relating to such investments, including management fees and/or incentive-based compensation (and/or carried interest) as well as other project-management based or other similar fees, which will be in addition to fees paid to Third Lake, Third Lake affiliates serving as general partner and/or any other affiliates (i.e., management fees and carried interest distributions).

Multi-Manager Concept. Prospective investors should consider the effect on Third Lake's strategy (where applicable) of investing assets of a Client in Manager Investments. There is no way of predicting how any underlying managers will make investments or whether they will act in accordance with any disclosure documents or descriptive materials given by them to a Client. Further, any given underlying manager will likely charge incentive-based compensation, carried interest and/or management fees which generally creates an incentive for such underlying manager to engage in investment strategies and to make investments that are more speculative and riskier than would be the case in the absence of such compensation arrangement(s). Finally, underlying manager(s) who are entitled to incentive-based compensation, carried interest and/or management fees will be in addition to the management fees and the carried interest distributions payable at a Client level.



Leverage. A Fund (directly or indirectly) will often, among other things, utilize borrowing and leverage in connection with its investments and operations. Although the use of borrowing and leverage could enhance returns and increase the number of possible investments made by a Fund (directly or indirectly), the use of borrowing will also increase the risk of loss resulting from various factors, including, without limitation, rising interest rates, downturns in the economy or deterioration in the conditions of the investment. In the event of a sudden drop in value of its assets, a Fund (directly or indirectly) might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by a Fund. In addition, when a Fund (directly or indirectly) utilizes leverage, the level of interest rates generally, and the rates at which a Fund (directly or indirectly) can borrow in particular, will ultimately be an expense borne by such Fund and therefore would ultimately affect the operating results of such Fund. Leverage increases the risk of substantial losses (including the risk of a total loss of a capital) and leverage can significantly magnify the volatility of a Fund's portfolio. There is no assurance that a Fund (directly or indirectly) will be able to obtain borrowing on favorable terms, if at all.

A Fund could use leverage by incurring debt to finance a portion of its investments (on a recourse or non-recourse basis). Such use of leverage generally magnifies both a Fund's opportunities for higher returns and its risk of loss from a particular investment. The cost and availability of leverage will be dependent on the state of the broader credit markets (and such credit markets could be impacted by regulatory restrictions and guidelines, among other factors), which state is difficult to accurately forecast, and at times it is likely to be difficult to obtain or maintain the desired degree of leverage. The use of a leverage will also result in interest expenses, fees and other costs to a Fund that might not be covered by interest payments and fees generated by a Fund from its investments. The use of leverage is likely to impose restrictive financial and operating covenants on a Fund, in addition to the burden of debt service, which have the potential to impair a Fund's ability to operate its business as desired and/or finance future capital needs. The use of leverage is likely to magnify the volatility of changes in the value of investments.

In addition, a Fund reserves the right to use a subscription facility to facilitate the funding of investments and other Fund operations. If utilized, a Fund would incur additional interest, fees and other expenses with respect to such facilities. Any such provider will likely be required to require unfunded capital commitments as collateral for such facility and potentially would be permitted to, among other remedies, require the Adviser to call all remaining unfunded capital commitments after default by a Fund pursuant to the agreement with such provider.

Events of default under any loan facilities generally include, among other things, failure to pay amounts due under such facilities, failure to inform the facility provider of certain events with respect to a Fund, failure to provide the facility provider with certain periodic reports and financial statements, breach by a Fund of other representations and covenants contained in facility documentation and other similar terms. If a facility provider were to require a Fund to sell or liquidate assets or otherwise act to realize on such collateral (including but not limited to



foreclosure), these actions could impair the operational capabilities of a Fund and have adverse tax and economic effects on a Fund and its returns.

Difficulty of Valuing Interests. Generally, there will be no readily available market for the Investments and, hence, the valuation of the Investments is difficult and not without uncertainty and may not necessarily reflect the valuation of any such Investment's underlying assets. Valuations of the Investments will be determined by Adviser and/or the applicable General Partner directly or indirectly by managers of Manager Investments, co-investments and/or joint ventures, and will be final and conclusive.

Investment Banking and Other Fees. The manager of a Manager Investment may receive the economic benefit of certain fees from its portfolio companies for investment banking services and in connection with unconsummated transactions (e.g., topping, break-up, monitoring, directors', organisational and set-up fees, and financial advisory fees).

Certain Risks Associated With Real Estate Investments

General Risks Associated with Real Estate Investments. All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. Some risks apply only to a particular asset type. For example, real estate investments are relatively illiquid and, therefore, will tend to limit a Client's ability to vary the portfolio promptly in response to changes in general and local economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by a Client will not decrease in the future or that a Client will recognize full value for any investment that it is required to sell for liquidity reasons. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions will likely result in occasional or permanent reductions in the value of the investments. In addition, the ability of a Client to realize anticipated rental and interest income on its equity and debt investments will depend on many factors which will likely be beyond the control of the Adviser or its affiliated general partner, including the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. There is no assurance that the investments will be profitable or that cash flow will be available for distribution. Other risks include changes in zoning, land use, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in building and similar laws, fluctuations in energy prices and energy and supply shortages, changes in the availability of property relative to demand, changes in costs and terms of mortgage loans, unavailability of mortgage funds which could render the construction, leasing, sale or refinancing of a property difficult, changing in housing policies, financial resources of tenants, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, increased mortgage defaults, construction risks, as well as natural catastrophes, such as hurricanes and earthquakes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of the Adviser, such as changes in U.S. and



global markets that could impact, among other things, access to capital or leverage and interest rate volatility.

Additionally, after making an investment, a Client will typically be responsible for ongoing buildouts, structural repairs, improvements and general maintenance of real property, which undertakings could require significant capital. The expenditure of any sums in connection therewith beyond those budgeted for by a Client will reduce the cash available for distribution and could require such Client to fund deficits resulting from the operation of a property. No assurance can be given that a Client will have funds available to make such repairs or improvements or complete such build-outs. These factors and any others that would impede a Client's ability to respond to adverse changes in the performance of its assets could significantly affect a Client's financial condition and operating results.

Acquisition of Real-Estate Related Businesses. A Client could acquire real estate companies or other portfolio investments in order to acquire the underlying real property held by such companies. The Client would likely effect such acquisitions through corporate transactions in which it assumes substantially all of the liabilities of the acquired company. Such liabilities will likely be unknown and could include potential environmental liabilities, tax liabilities, liabilities associated with employee claims, liabilities associated with claims by tenants, vendors, and other persons relating to the former owners of the properties, liabilities relating to state of title, physical condition, or compliance with zoning laws, building codes or other legal requirements, liabilities incurred in the ordinary course of business, and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. As a result, if liability were asserted against a Client based upon such properties, it might have to pay substantial sums to dispute or remedy the matter, which could adversely affect its cash flow and returns.

Risks Associated with Retail Properties. An investment in office or retail properties is subject to the risk that tenants might be unable to make their lease payments or might decline to extend a lease upon its expiration. In addition, certain retail properties will likely be anchored by department stores and other large nationally recognized tenants, some of which have experienced, and might continue to experience for the foreseeable future, considerable decreases in customer traffic in their retail stores. As a result, their ability to meet their obligations as a tenant will likely be impaired and result in closures of their stores or their seeking of lease modifications. A termination of the lease of an anchor tenant could provide other tenants with the right to modify or terminate their lease. Any such modifications or conditions would be unfavorable to a Client and would decrease rents or expense recoveries. In the event of default by any tenant, a Client will likely experience delays and costs in enforcing its rights as landlord to recover amounts due to a Client under the terms of our agreements with those parties. In addition, retail properties will likely be subject to additional special risks. For example, in many cases, the tenants of retail properties will often negotiate leases containing certain exclusive rights to sell particular types of merchandise or services within a particular retail center. When leasing other space after vacancy by another tenant, these provisions could limit the number and types of prospective tenants for the vacant space. The failure to lease or re-lease on satisfactory terms could harm the operating results of a Client.



Furthermore, an investment might be required to decline entering into a lease with a potential tenant if such lease would result in adverse consequences to a REIT holding such investment, including because of related-party rent issues arising from a Related Fund owning, in whole or in part, an equity interest in such potential tenant.

Risks Associated with Multifamily Residential Properties. Residential related properties such as multifamily residential housing could include increased risks associated with habitability related issues, and applicable regulatory requirements. Additionally, certain residential properties might have a unionized workforce subject to collective bargaining agreements, which must be complied with as part of the properties' operation. Certain jurisdictions regulate the relationship of an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions and restrictions on a resident's choice of unit vendors. Apartment building owners have been the subject of lawsuits under various "Landlord and Tenant Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. There could be provisions that limit the basis on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent regulations on apartment buildings. These ordinances could limit rent increases to certain set percentages, to certain formulas, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration. Similarly, governmental assistance programs that provide rent subsidies to tenants pursuant to tenant voucher programs could influence tenant mobility and the amount of rent a tenant can pay.

In addition, it may be difficult to locate tenants or retain tenants over time in particular due to, among other things, economic downturns, force majeure events (i.e., the COVID-19 pandemic) and job losses. Additionally, the COVID-19 pandemic resulted in various and prolonged eviction moratoria which had a negative impact on landlords and building owners. Any of the foregoing could indirectly have a negative impact on a Client (i.e. through loan defaults or bankruptcy filings).

Risks Associated with Office, Industrial or Distribution Properties. A Client could invest in office, industrial or distribution properties including special use single tenant properties. Commercial or industrial properties will likely be especially affected by: an economic decline in the business operated by the tenants; the physical attributes of the property and the adaptability of the property with respect to the technological needs of the tenants; the strength and nature of the local economy, including labor costs and quality, tax environment and quality of life for employees; and patterns of telecommuting or sharing of office space, the proximity to highways and other means for the transportation of goods, and employment growth (which creates demand for office space). Moreover, the cost of refitting office space for a new tenant is often higher than the cost of refitting other types of properties for new tenants. Because of the unique construction requirements of these properties, if the current lease is terminated or not renewed, a Client might be required to renovate the property or to make rent concessions in order to lease the property to



another tenant or sell the property. In addition, a Client might have difficulty selling the property to a party other than the tenant due to the special purpose for which the property might have been designed. These and other limitations will often affect a Client's ability to sell or release office, industrial or distribution properties and could adversely affect returns to investors. If the real estate asset is a single tenant building, risks associated with that tenant's financial wherewithal and potential default will be more pronounced than in a multi-tenant building.

Properties historically used for industrial, manufacturing and commercial purposes are more likely to contain, or might have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. Investing in industrial properties that conduct industrial, manufacturing and commercial activities will cause a Client to be subject to increased risk of liabilities under environmental laws and regulations. The presence of hazardous or toxic substances, or the failure to properly remediate these substances, will likely adversely affect a Client's ability to sell or rent an industrial property.

Risks Associated with Single Family Rentals. Residential related properties could include increased risks associated with habitability related issues, and applicable regulatory requirements. Additionally, certain residential properties might have a unionized workforce subject to collective bargaining agreements, which must be complied with as part of the properties' operation. Certain jurisdictions regulate the relationship of an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions and restrictions on a resident's choice of unit vendors. Apartment building owners have been the subject of lawsuits under various "Landlord and Tenant Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. There could be provisions that limit the basis on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent regulations on apartment buildings. These ordinances could limit rent increases to certain set percentages, to certain formulas, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration. Similarly, governmental assistance programs that provide rent subsidies to tenants pursuant to tenant voucher programs could influence tenant mobility and the amount of rent a tenant can pay.

In addition, it may be difficult to locate tenants or retain tenants over time in particular due to, among other things, economic downturns, force majeure events (i.e., the COVID-19 pandemic) and job losses. Additionally, the COVID-19 pandemic resulted in various and prolonged eviction moratoria which had a negative impact on landlords and building owners. Any of the foregoing could indirectly have a negative impact on a Client (i.e. through loan defaults or bankruptcy filings).

Risks Associated with Self-Storage Properties. The Adviser expects to make investments in self-storage properties. The self-storage market generally has low barriers to entry, and in combination with the short-term nature of leases for self-storage space, results in volatility in terms



of supply and demand that is likely greater than that experienced with respect to other types of properties. It will often be difficult or costly to convert a self-storage facility to an alternative use, which results in a lower liquidation value than would be the case if the property were easily adaptable to alternative uses. Self-storage facilities could pose additional environmental risks, in part due to tenant privacy, anonymity and unsupervised access to the property.

Risks Associated with Hospitality Properties. The Adviser will also likely invest in real estate assets in the hospitality sector. Because hotel rooms generally are rented for very short periods of time, hospitality properties tend to be affected more quickly by adverse economic conditions and competition than other commercial properties. Hospitality properties are also affected by other particularized factors, including: franchise affiliation (or lack thereof); continuing expenditures for modernizing, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives; a deterioration in the financial strength or managerial capabilities of the owner and operator of a hotel or motel; and changes in travel patterns caused by changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors. The performance of a hotel property affiliated with a franchise or hotel management company depends in part on: the continued existence and financial strength of the franchisor or hotel management company; the public perception of the franchise or hotel chain service mark; and the duration of the franchise licensing or management agreements. Furthermore, the ability of a hotel to attract customers, and some of such hotel's revenues, might depend in large part on its having a liquor license. Liquor licenses will often not be transferable (for example, in connection with a foreclosure). Moreover, the hotel and lodging industry is generally seasonal in nature; different seasons affect different hotels depending on type and location. This seasonality can be expected to cause periodic fluctuations in a hospitality property's room and restaurant revenues, occupancy levels, room rates and operating expenses. In addition, acts of war, terrorist activities, natural disasters and environmental disasters and pandemics can have a material adverse impact on the tourism and convention industries, which directly affects the revenues generated by hospitality properties. Finally, hospitality properties are facing new and increased competition from non-traditional market players, including those focused on the sharing economy, which could disrupt the hospitality industry and reduce demand for traditional hotels.

Capital Needs of Investments. Although Adviser will provide good faith projections of the capital needs of a Client's potential real estate investments, there can be no assurance that the capital needs of any investments ultimately acquired by a Client will not exceed Adviser's projections or that such investments will generate sufficient cash flow to meet their capital needs.

Development, Redevelopment and Construction Risks. The Adviser could invest in real property requiring construction, new development or redevelopment, or in direct or indirect interests in undeveloped land or under-developed real property, including "broken" residential condominium projects, which often become non-income producing. The development and construction of such property is subject to timing, budgeting and other risks that often adversely affect a Client's operating results. Any renovation, redevelopment, development and related construction activities could subject a Client to a number of risks, including risks associated with:



development costs incurred for projects that are not pursued to completion, natural disasters, material shortages, government restrictions and failure to get entitlements.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction or development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of a Client and on the amount of funds available for distribution to the investors. Properties under construction or development, or properties acquired to be developed, generally generate no cash flow from the date of acquisition through the date of completion of construction or development and experience operating deficits for a period after the date of completion. There could be construction, development or redevelopment activities commenced prior to obtaining financing for such activities and there is no guarantee that financing will be available on favorable terms, or at all.

Inability to Pass On Operating Expense Increases to Tenants. Operating expenses, such as expenses for fuel, utilities, labor, building materials and insurance, are not fixed and may increase in the future. There is no guarantee that these increases will be able to be passed on to tenants with regard to particular investments. To the extent these increases cannot be passed on to tenants, such increases would ultimately decrease a Client's cash flow and operating results.

Americans with Disabilities Act and Similar Laws. Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. If one of the properties in a Client's ultimate portfolio does not comply with the ADA, a Client may incur costs to bring the property into compliance, which may or may not have been foreseen at the time of acquisition. Future changes to federal, state, and local laws also may require modifications to a Client's properties, or restrict a Client's ability to renovate its properties. A Client cannot predict the ultimate cost of compliance with the ADA or other legislation. If a Client incurs substantial costs to comply with the ADA and any other similar legislation, a Client's financial condition, operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.

Harmful Mold and Other Air Quality Issues. When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to radon, airborne toxins or irritants above certain levels have been alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of a Client's ultimate properties could require a Client to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants



could ultimately expose a Client to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

Ground Lease Investments. While not presently contemplated, it is possible a Client could be invested from time to time in real estate properties that are subject to or in ground leases. As a lessee under a ground lease, a Client may ultimately be exposed to the possibility of losing the property upon termination or an earlier breach indirectly by a Client of the ground lease, which may adversely impact a Client's investment performance. Furthermore, ground leases generally provide for certain provisions that limit the ability to sell certain properties subject to the lease. In order to assign or transfer rights and obligations under certain ground leases, a Client will ultimately need to obtain consent of the landlord of such property, which, in turn, could adversely impact the price realized from any such sale.

Investments Involving Multiple Properties. Investments involving multi-property acquisitions are often more complex and expensive than single-property acquisitions, and may place additional demands on Adviser and/or any joint venture partner. Where multiple properties are acquired as a group, a Client may ultimately through its indirect investment in an investment be required to purchase all properties as a package rather than declining the properties it does not want. If an SPV is required to purchase one or more properties that it does not wish to acquire as part of a multi-property transaction, it may not be able to identify a buyer to acquire such properties, and thus may be required to operate or attempt to dispose of those properties. A Client indirectly through its investment in SPV may also be required to accumulate a large amount of cash to fund such acquisitions. Because of the foregoing, acquiring multiple properties in a single transaction may reduce the overall yield on a Client's portfolio.

Possible Inability to Complete Renovation on Advantageous Terms. To the extent an investment involves a renovation, it should be noted that the renovation of properties involves significant risks in addition to those involved in the ownership and operation of established properties, including the risks that financing may not be available on favorable terms for renovation projects and that construction may not be completed on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing such properties and generating cash flow. Substantial renovation activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. Once completed, such renovated properties may perform below anticipated levels, producing cash flow below budgeted amounts. In addition, substantial renovations, regardless of whether or not they are ultimately successful, typically require a substantial portion of management's time and attention, which could divert management's or any joint venture partner's time from day-to-day operations. Future renovation activities could ultimately be financed through construction loans, in which case there is a risk that, upon completion of construction, permanent financing may not be available or may be available only on disadvantageous terms.



Risks of Joint Venture Investments. The Adviser will likely make investments through joint ventures or other entities with another person or entity (including joint venture partners or other third parties, and funds, separate accounts or coinvestment capital managed by the Adviser), which would involve risks not present in investments where such partner is not involved, including diverging investment interests of a Client and a joint venture partner, dysfunctional management, increased costs, greater illiquidity, the possibility that a joint venture partner could have financial difficulties resulting in a negative impact on such investment, or could have economic or business interests or investment objectives which are inconsistent with those of a Client. The joint venture agreement between a Client and a joint venture partner could grant a joint venture partner veto powers with respect to major decisions concerning the management, financing or disposition of an investment, which could allow a joint venture partner to block an action, contrary to a Client's investment objective, and could increase the risk of deadlocks that could adversely affect investment liquidity, values and returns. A Client could be subject to various costs and fees relating to such ventures, including additional performance-based or asset-based fees or allocations (including management, incentive and/or other fees) that are to be paid to a joint venture partner or other third-party operating partners. Any such costs and fees paid to a joint venture partner or other third-party operating partners might not reduce asset based fees. A Client will often bear or be responsible for more than its pro rata share (based on relative equity participation) of expenses, guarantees and/or recourse liabilities, including environmental and other "non-recourse carveout" or so-called "bad act" liabilities. A Client could hold a non-controlling interest in certain investments and, therefore, have a limited ability to protect its position in such investments, although the general partner and the Adviser hope to procure appropriate rights to protect a Client's interests.

If a Client and a joint venture partner have the ability to dispose of their interests in the investment separately, a disposition of a large position by one party might depress the market value of the continuing investment of the remaining joint venture partners (possibly including a Client), or could reduce the price available to other joint venture partners (possibly including a Client) which would also be disposing of their respective investments. In addition, agreements governing joint ventures often contain restrictions on the transfer of a joint venture partner's interest, "buysell" mechanisms or similar provisions that often will require the Fund to obtain the consent of a joint venture partner prior to divesting its interest in the joint venture or result in the purchase or sale of the a Client's interest at a disadvantageous time or on disadvantageous terms.

If a joint venture partner removes its general partner or manager or terminates prior to a Client, the ability of a Client to exercise certain rights associated with its investments could require the cooperation of a successor general partner/manager or other persons. In addition, a Client could be liable for actions of its joint venture partners. It often will not be practicable or possible to review the qualifications, condition or suitability of prospective joint venture partners or other operating partners.

In addition, the investment strategies in certain investments depend on the Adviser's ability to enter into relationships with joint venture partners. There can be no assurance that the Adviser



will, in the future, establish any relationship with such persons or partners on terms favorable to a Client.

Risks Related to Exit Strategy. The ability to exit an investment will depend upon the ability of a potential buyer to secure the financing necessary to consummate a sale. There can be no assurance that a Client will ultimately be able to dispose of its investments at the price and at the time it wishes to do so. A Client may be required to expend funds to correct defects or to make improvements before an investment in a property can be rented or sold. No assurance can be given that a Client will ultimately have funds available to correct those defects or to make those improvements. In addition, the ability to exit an investment will depend upon, among other things, favorable market conditions.

Control Investments. A Client (as applicable) will indirectly control investments through the SPVs in which it invests. The exercise of such control may result in additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws), or other types of liability in which the limited liability generally applicable to business ownership may be ignored. If any of these liabilities were to arise, a Client could suffer a significant loss.

Third-Party Litigation. In addition to litigation relating to the bankruptcy process, a Client's investment activities subject it to the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where a Client (through an investment in an SPV) exercises control or significant influence over a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne indirectly and proportionately by such Client and would reduce net assets.

Costs of Complying with Regulations. The operations of a Client and tenants in properties ultimately owned by a Client are subject to material federal, state and local laws, rules and regulations, which could materially adversely affect a Client. Generally, real estate properties are subject to various laws, ordinances, rules and regulations, including regulations relating to lien sale rights and procedures. In addition, property management activities are often subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state. Changes in U.S. federal, state and local laws, rules and regulations, could negatively affect the ability of the tenants in properties ultimately owned by a Client to make lease payments and, therefore, affect its returns and cash available for distribution to holders of interests, if any.

Eminent Domain Risks. Municipalities and other government subdivisions may, in certain circumstances, seek to acquire certain assets of a Client through eminent domain proceedings. While a Client (directly or indirectly through SPVs) may seek to contest these proceedings which may be costly and may divert the attention of management from the operation of an SPV and thus ultimately a Client, there can be no assurance that a municipality or other government subdivision will not succeed in ultimately acquiring assets of a Client. In such event, there is a risk that a Client will not ultimately receive adequate compensation for the assets acquired, or that a Client will not ultimately be able to recover all charges associated with divesting these assets.



Losses Not Covered by Insurance. As applicable, certain investments are expected to be covered by comprehensive liability, fire, extended coverage, and rental loss insurance, with policy specifications and insured limits that a Client believes are adequate and appropriate under the circumstances. Some types of losses, such as from terrorism, may be uninsurable or not economically insurable. In addition, many insurance carriers are excluding asbestos related claims and most mold-related claims from standard policies. A Client will evaluate the availability and cost of additional insurance coverage for such claims. If an SPV decides to purchase insurance for terrorism, asbestos or mold, the cost could have an adverse effect on a Client's results of operations. If an uninsured loss or a loss in excess of insured limits occurs on an investment, a Client could lose its capital invested therein, as well as the anticipated future revenues from such investment and, in the case of debt that is recourse to a Client, a Client would indirectly remain obligated for such debt. Any loss of this nature would adversely affect a Client.

An SPV may also require, prior to lending on a given real estate asset, that the owner or property manager obtain suitable comprehensive liability, fire and extended coverage insurance for the property of the types and in the amounts customarily obtained for similar properties. Inflation, changes in building or zoning codes and ordinances, environmental considerations, and other factors may also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by a Client might not be adequate to restore its economic position with respect to the affected asset. Because a Client is likely a pooled investment vehicle, all Client assets in this instance could ultimately be at risk in the event of an uninsured or underinsured liability.

General Credit Risks. A Client will likely be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien will each be of great importance. A Client cannot guarantee the adequacy of the protection of a Client's interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, a Client cannot assure that claims will not be asserted that might interfere with enforcement of a Client's rights. In the event of a foreclosure, a Client or an affiliate thereof could assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset might not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

Structured Credit Products. Special risks are generally associated with a Client's investments in structured credit products, collateralized debt obligations, synthetic credit portfolio transactions and asset-backed securities. For example, synthetic portfolio transactions might be structured with two or more classes of tranches that receive different proportions of the interest and principal distributions on a pool of credit assets. The yield to maturity of a tranche could be extremely sensitive to the rate of defaults in the underlying reference portfolio. A rapid change in the rate of defaults will likely have a material adverse effect on the yield to maturity. It is therefore possible that a Client will incur losses on its investments in structured products regardless of their ratings by S&P or Moody's. Additionally, the securities in which the Adviser is authorized to invest include



securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions often sell at a price lower than similar securities that are not subject to such restrictions. Additionally, a Client could hold minority positions in structured securities and have little or no ability to influence the trustee or servicer.

Mortgage-Backed and Asset-Backed Securities. Mortgage-backed securities represent an interest in a pool of mortgages. Investing in commercial and residential mortgage-backed securities involve the general risks typically associated with investing in traditional fixed-income securities (including interest-rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of investing in real estate). When market interest rates decline, more mortgages could be refinanced and the securities could be paid off earlier than expected. Prepayments could also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of certain mortgage-backed securities could decline. At the same time, however, mortgage refinancings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants. If residential or commercial property prices decline more than anticipated, it is possible that certain securities could lose all of their value.

Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets will likely include, but are not limited to, such items as motor vehicle installment sales or installment-loan contracts, leases of various types of real and personal property, and receivables from credit-card agreements. Asset-backed securities are subject to many of the same risks as mortgage-backed securities. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit-card receivables are generally unsecured, and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Asset-backed securities typically experience credit risk. For example, there is an increasing supply of subordinated securities rated lower than AA (down to B or first loss) and senior securities that could be rated lower than AAA, as well. There is also the possibility that recoveries on repossessed collateral might not, in some cases, be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

The liquidity in asset-back securities could become impaired due to a variety of factors, including, but not limited to, regulatory changes, collateral performance, debt ratings changes, political changes, and macro-economic conditions. Due to the complexity and variety of structured



productions, the potential investor base for such products is relatively small which reduces the liquidity of the Fund's portfolio.

Servicer Risk. A Client's investments could be adversely affected if, among other things, a servicer fails to follow best practices in realizing any security values or fails to adequately administer loans that fall into arrears or default. In the event that a servicer is unable to meet its administrative obligations, a substitute servicer will need to be appointed. There is a risk that a substitute servicer will not be available when required, that the substitute servicers will not be able to perform its duties with the requisite level of skill and competence or that it will require extra time to assume responsibility for the portfolio. A servicer might also be precluded from foreclosing on certain assets and/or forced to make certain concessions or modifications on the underlying loans due to political or regulatory decisions beyond their control which would likely produce a worse economic result.

Lower Credit Quality Loans. There are no restrictions on the credit quality of a Client's loans. Loans arranged by the Adviser could be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain loans will likely have large uncertainties or major risk exposures to adverse conditions, and could be considered to be predominantly speculative. Generally, such loans offer a higher potential return than better-quality loans, but involve greater volatility of price and greater risk of loss of income and principal. The market values of these loans also tend to be more sensitive to changes in economic conditions than better-quality loans.

Non-performing Nature of Debt. Certain debt instruments purchased by a Client could be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor could also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to these loans.

Potential Involvement in Litigation. As a result of a Client's investments in distressed investments and the possibility that the Adviser could participate in certain restructuring activities, it is possible that a Client could become involved in litigation with respect to creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against a Client, including the Adviser; ultimately, judgments might be rendered against a Client for which it does not carry insurance.

Lender Liability Considerations and Equitable Subordination. In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. While believed to be unlikely, because of the nature of certain of the investments, a Client could be subject to allegations of lender liability.



In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court could elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Because of the nature of certain of a Client’s investments, it could be subject to claims from creditors of an obligor that the investments issued by such obligor that are held by a Client should be subject to equitable subordination. A significant number of a Client’s investments will involve investments in which it would not be the lead creditor. It is, accordingly, possible that lender liability or equitable subordination claims affecting the investments could arise without the direct involvement of a Client.

Leverage and Borrowing Risks. A Client will likely utilize borrowing and leverage in connection with its investments and operations. Although the use of borrowing and leverage is intended to enhance returns and increase the number of possible investments made by a Client, the use of borrowing will also increase the risk of loss resulting from various factors, including, without limitation, rising interest rates, downturns in the economy or deterioration in the conditions of the investment. In the event of a sudden drop in value of its assets, a Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by a Client. In addition, when a Client utilizes leverage, the level of interest rates generally, and the rates at which a Client can borrow in particular, will be an expense of the Fund and therefore will affect the operating results of a Client. Leverage increase the risk of substantial losses (including the risk of a total loss of a capital) and leverage can significantly magnify the volatility of a Client’s portfolio. There is no assurance that it will be able to obtain borrowing on favorable terms, if at all.

Environmental Risks. The underlying collateral of a Client’s investments will likely also be subject to numerous statutes, rules and regulations relating to environmental protection, under which a Client, in the event it has foreclosed on a mortgage, could be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. A Client could be exposed to substantial risk of loss from environmental claims arising in respect of such underlying collateral in the event of foreclosure.

Volatility of Property Income. The volatility of net operating income for a property may be influenced by matters such as the length of tenant leases, the creditworthiness of tenants, the level of tenant defaults, the ability to convert an unsuccessful property to an alternative use, new construction in the same market as the property, rent control laws or other laws impacting operating costs, the number and diversity of tenants, the availability of trained labor necessary for tenant operations, the rate at which new rentals occur, the property’s operating leverage (which is



the percentage of total property expenses in relation to revenue), the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants. A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources (such as short-term or month-to-month leases) and may lead to higher rates of delinquency or defaults under mortgage loans secured by such properties.

Returns will be based on the efficient operations of and steady cash flows from the properties in which a Client ultimately invests. For example, following the termination or expiration of a tenant's lease, there may be a period of time before a Client will indirectly begin receiving rental payments under a replacement lease. During that period, a Client will indirectly continue to bear the expenses associated with operating real estate property. In addition, declining economic conditions may ultimately impair a Client's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may indirectly through an SPV require a Client to make capital improvements to properties that would not have otherwise been planned. Any unbudgeted capital improvements undertaken may divert cash that would otherwise be available for distribution to Investors. To the extent that it is difficult to or impossible to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact a Client's operating results.

Termination or Expiration of Leases. As applicable, a Client's properties will lease units to individuals and families. There can be no assurance that residential tenants will be able to be retained in the properties upon the expiration of their leases or during the term of their lease due to a variety of factors including but not limited to mortality and unforeseen medical costs. Upon the expiration or early termination of such leases, there could be a large amount of residential availability that could have an adverse effect on the ability to achieve the rents it might otherwise be able to achieve if space were to turn over in smaller portions, spread out over a period of time.

Unable to Lease Properties. A Client's ultimate properties could become partially or completely vacant in the future. If an SPV is unable to re-lease the properties and generate sufficient cash flow to replace or exceed that amount lost due to the vacancy, such entity will be required to recognize a financial loss as to that property, which could reduce a Client's operating results and ability to make distributions.

Warehoused Investments. A Client might warehouse one or more investments (subject to applicable laws and regulations). The Adviser will determine, in its discretion, when to transfer such warehoused investments to a Client, which, if applicable, would likely affect the amount of interest that will accrue to and be paid to Adviser upon such transfer and/or withdrawal. Because the value of warehoused investments could decline prior to their transfer to a Client, there can be no assurance that their value will not be less than their cost to a Client, at the time of the transfer. Although the value of any investments made during this period could decline, in some cases significantly prior to the admission of such investors. By executing a subscription agreement to



acquire an interest in a Client, each investor in a Fund Client will grant its consent to the Adviser transferring any investments that could be warehoused to the Fund Client on the terms specified above. In addition, each such investor could be required to agree to appoint the Advisory Committee (if applicable) or the later admitted Investor to grant its consent to any transfer of a warehoused investment to a Fund Client after its admission. To the extent that consent is obtained from later admitted investors, such consent will be deemed to have been obtained by the execution of a subscription agreement by such later admitted Investors and will not require any other action by such later admitted investors.

Certain Risks Associated with Investments in Hedge Funds

Sub-Adviser. Prospective Clients should carefully consider the effect on any Client that is a Fund whose strategy of investing all or substantially all of such Fund's assets with one or more sub-advisers. Two aspects of this investment strategy which will affect the success of any such Fund are the increased cost and the risk of depending on and delegating control of a majority of such Fund's assets to persons other than Third Lake. There is no way of predicting how a sub-adviser will make investments or whether it will act in accordance with any disclosure documents or descriptive materials given by them to an applicable Fund or pursuant to any sub-advisory agreement, and there is counterparty risk in connection therewith. A Fund whose assets are allocated to sub-advisers will be subject to the costs and expenses associated with any account traded by such sub-adviser.

Structured Notes. The structured note market evolved as a way to give investors exposure to indices and equities without purchasing the underlying indices or equities themselves. For example, an investor could purchase a note linked to the performance of the S&P 500 without using futures or buying a basket of stocks. Instead, a financial institution would agree to provide the performance of the S&P 500 in return for purchase of the note. Additionally, investors of structured notes could receive payoff profiles that included embedded options. For example, an investor could agree to accept full downside of the S&P 500 below a certain level, which resembles the payoff of a sold put option, in return for a higher coupon on the note. The structures that developed are numerous and generally only limited by the ability of the financial institution to accurately hedge their liability.

Credit Risks. Although the return on a structured note invested in by an applicable Client will be based on the performance of the assets underlying such financial instrument, the payment of any amount due on such financial instruments will be subject to the credit risk of the relevant issuer, and as applicable the credit risk of any guarantor. This is also the case for structured notes invested in by a Client that are not linked to any underlying asset(s). Such financial instruments will be unsecured obligations of the issuer. Investors in any such investment are generally dependent on the ability of the issuer to pay all amounts due on such financial instruments, and therefore a Client will be subject to the issuer's credit risk and to changes in the market's view of the issuer's creditworthiness. Similarly, a Client will be dependent on the ability of any guarantor to pay all amounts due on any such applicable financial instruments, and therefore will in this instance also be subject to any guarantor's credit risk and to changes in the market's view of its creditworthiness.



Issuer Risks. An issuer (directly or through one or more affiliates) of a structured note will generally have businesses and/or operate in or depend on the operation of global markets, including through exposures in securities, loans, derivatives and other activities. In particular, uncertainty and volatility in global credit markets, liquidity constraints, increased funding costs, constrained access to funding and the decline in equity and capital market activity can adversely affect and could again affect transaction flow in a range of industry sectors which could have a negative impact on a structured note issuer in which a Client is invested.

Additionally, an issuer (directly or through one or more affiliates) will generally operate various types of businesses across multiple jurisdictions or sectors which might be regulated by more than one regulator. While regulations vary from country to country, it should be noted that such regulations are often designed to protect depositors and the banking system as a whole, not holders of an issuer's securities or creditors (i.e., a Client). Changes to various country's laws, regulations or policies, could substantially affect an issuer or the value of its assets, or have unintended consequences or impacts across an issuer's total business including required levels of liquidity and capital adequacy, increasing tax burdens as well as changes to prudential regulatory requirements.

Liquidity and Valuation Risks. Upon issuance, a structured note will likely have embedded fees which results in a purchase price that is substantially higher than its resale value. In addition, a structured note might not have an established trading market and might not provide readily available liquidity. Although notes could be listed on an exchange, there is no assurance that a trading market for notes in which a Client will invest will ever develop or be maintained if developed. In addition to an issuer's creditworthiness, many factors affect the trading market for, and trading value of, structured notes including but not limited to the method of calculating the payments due in respect of a note, the time remaining to the stated maturity of a note, the outstanding amount of such notes, the amount of other debt securities linked to the index or formula applicable to such notes (if any), the level, direction and volatility of market interest rates generally, general investor confidence and general market liquidity and the issuer's financial condition.

Additionally, if a structured note provides an optional redemption feature, this aspect will likely limit the market value of such notes. During a period in which an issuer elects to redeem notes in which a Client is invested, the market value of those notes generally will not rise substantially above the price at which they can be redeemed. This could also be true prior to any redemption period. An issuer is likely to be expected to redeem notes during any period when its cost of borrowing is lower than the interest rate on the notes. At those times, an investor (i.e., a Client) generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the notes being redeemed and will only be able to do so at a significantly lower rate.

Prospective investors should be prepared for a Client to hold any such notes until maturity.



Interest Rate Risks. Investment by a Client in any fixed rate notes involves the risk that subsequent changes in market interest rates will adversely affect the value of such notes. The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for interest-bearing securities issued at par value. Generally, the longer the remaining term of the securities, the greater the price volatility. A Client could suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates will likely cause a fall in bond prices.

Risks Associated with Fluctuations in the Price of Underlying Assets. Movements in the level or price of any underlying assets to which a note held by a Client is linked might be subject to significant fluctuations that might not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level or price of such underlying assets could affect the actual yield to noteholders (i.e. a Client).

Credit Rating Risks. Although structured note investments might not be rated, one or more independent credit rating agencies could assign credit ratings to an issue of notes in which a Client is invested. The ratings might not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that could affect the value of any such notes. Prospective investors should be aware that a credit rating is not a recommendation to buy, sell or hold securities and might be subject to suspension, cancellation, reduction, qualification or withdrawal at any time by the rating agency.

Index Linked Note Risks. A Client will likely invest in structured notes where final redemption amounts or interest and other interim amounts payable are dependent on the level of an index or basket of indices. The index or basket (as the case may be) in which a Client intends to invest will generally be comprised of reference equities. Any such investment will entail significant risks not associated with a conventional fixed rate or floating rate debt security and the return payable on any such notes might not reflect the return a Client would realize if a Client owned the relevant assets comprising the components of the index directly.

Equity Risks. A Client will often invest in equity securities. The market price of securities owned by a Client might go up or down, sometimes rapidly or unpredictably. Any equity securities in a Client's portfolio could decline in value due to factors affecting equity securities markets generally or the sectors in which a Client will invest. The values of equity securities could decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They could also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities could include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities.



In addition, securities which Third Lake believes are fundamentally undervalued or incorrectly valued might not ultimately be valued in the capital markets at prices and/or within the time frame Third Lake anticipates. As a result, a Client could lose all or substantially all of its investment in any particular instance.

Concentration of Investments. A Client is not limited in the amount of capital that it is required to commit to any one investment and, in fact, a Client could have concentrated positions within its portfolio. Allocation of a large portion of a Client's capital to one or a small number of investments could increase the risk of investing in a Client because of the lack of diversification in its portfolio. The concentration of a Client's portfolio in a limited number of issuers, industries or strategies will subject it to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industry. A Client will likely face similar risks with respect to concentration of investments in a particular country.

Use of Leverage. Third Lake will likely use leverage and borrowing. Such leverage could be achieved through, among other methods, borrowing funds, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. A Client could also borrow or use leverage in its portfolio. A Client could borrow funds from brokers, banks and other lenders to finance their investing and trading operations, which borrowings could be secured by assets of a Client. The use of such leverage can, in certain circumstances, maximize the losses to which a Client's investment portfolios could be subject. Any event that adversely affects the value of an investment would be magnified to the extent that particular assets or a Client as a whole are leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the investments could result in a substantial loss to a Client, which would be greater than if it were not leveraged.

Use of Derivatives. Third Lake could use derivative instruments, including without limitation, option contracts, swap agreements and forward contracts, and derivative techniques, including without limitation, synthetic short sales, for various hedging and/or speculative purposes. The use of such instruments and techniques might result in leveraging the assets of a Client, thereby exposing it to significant risks.

Among other things, the prices of derivative instruments can be highly volatile. Price movements of derivative instruments are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial futures and options. Such intervention often is intended directly to influence prices and could, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.



Uncertainties remain as to how the markets for these instruments will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets could move against the derivatives positions held by a trader, thereby causing substantial losses. Many of these instruments are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force a trader to close out its positions).

If a registration is required in order to trade in certain derivatives (or if there is an applicable exemption from registration available), Third Lake (and any affiliated general partner/manager, if required) will only trade in such derivatives after all applicable registrations and/or exemptions have been effected.

Options. There are various risks inherent in options trading. For example, the seller (writer) of a covered call option (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the security, less the premium received by the writer for writing the option. The writer of a covered call option also gives up the opportunity for gain on the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium invested in the option. The seller (writer) of a covered put option (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option less the premium received on the put option. The buyer of a put option assumes the risk of losing the premium it paid to purchase the put option. There is an unlimited risk of loss associated with selling options.

The options markets have the authority to prohibit the exercise of particular options, which if imposed when trading in the option has also been halted, would lock holders and writers of that option into their positions until one of the two restrictions has been lifted.

Clients also could trade options on futures contracts. Such an option is a right, purchased for a certain price, to either buy or sell the underlying futures contract during a certain period of time for a fixed price. Trading options on futures is speculative and highly leveraged. Specific market movements of the futures contracts underlying an option cannot accurately be predicted. If a Client purchases an option, it will be subject to the risk of losing the entire purchase price of the option. On the other hand, if a Client writes (sells) an option, it will be subject to the risk of loss resulting from the difference between the amount received for the option



and the price of the futures contract underlying the option which it must purchase or deliver upon exercise of the option.

Futures. In the futures markets, margin deposits typically range between 2% and 15% of the value of the futures contract purchased or sold. Because of these low margin deposits, futures trading is inherently highly leveraged. As a result, a relatively small price movement in a futures contract could result in immediate and substantial losses to the trader. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% would result in a loss of more than the total margin deposit.

Futures positions could be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such limits, during a single trading day no trades could be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Third Lake from promptly liquidating unfavorable positions and thus subject a Client to substantial losses. In addition, Third Lake might not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the CFTC could suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Certain commodity exchanges have also established limits, referred to as “position limits,” on the maximum net long or net short positions which any person might hold or control in particular commodity futures contracts. Third Lake could have to modify its investment and trading decisions, and might have to liquidate positions, in order to avoid exceeding such limits. If this should occur, it could adversely affect the profitability of a Client.

Combination Transactions. A Client could engage in spreads or other combination options transactions involving the purchase and sale of related options and futures contracts. These transactions are considerably more complex than the purchase or writing of a single option. They involve the risk that executing simultaneously two or more buy or sell orders at the desired prices could be difficult or impossible, the possibility that a loss could be incurred on both sides of a multiple options transaction, and the possibility of significantly increased risk exposure resulting from the hedge against loss inherent in most spread positions being lost as a result of the



assignment of an exercise to the short leg of a spread while the long leg remains outstanding. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination.

Straddles. In straddle writing, where the investor writes both a put and a call on the same underlying interest at the same exercise price in exchange for a combined premium on the two writing transactions, the potential risk of loss is unlimited. To the extent the price of the underlying interest is either above or below the exercise price by more than the combined premium, the writer of a straddle will incur a loss when one of the options is exercised. If the writer is assigned an exercise on one option position in the straddle and fails to close out the other position, subsequent fluctuations in the price of the underlying interest could cause the other option to be exercised as well, causing a loss on both writing positions.

Forward Trading. A Client could utilize forward contracts and options thereon which, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market in which the Fund trades due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Third Lake would otherwise recommend, to the possible detriment of a Client. Market illiquidity or disruption could result in major losses to a Client.

In the forward markets, margin deposits could be even lower than in other markets or might not be required at all. Such low or non-existent margin deposits are indicative of the fact that any trading in the forward markets typically is accompanied by a high degree of leverage.

Investing in the forward markets typically is accompanied by a high degree of leverage.

Swaps. A Client might enter into swap agreements and options on swap agreements (“*swaptions*”). These agreements can be individually negotiated and structured to



include exposure to a variety of different types of investments, asset classes or market factors. A Client, for instance, might enter into swap agreements with respect to interest rates, credit defaults, currencies, financial instruments, indexes of financial instruments and other assets or other measures of risk or return. Depending on their structure, swap agreements might increase or decrease exposure to, for example, equity financial instruments, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. A Client is not limited to any particular form of swap agreement. Whether use of swap agreements or swaptions will be successful will depend on its ability to select appropriate transactions. Swap transactions might be highly illiquid and might increase or decrease the volatility of the portfolio. Moreover, a Client will bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. A Client will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of a Client to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect Third Lake's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Short Selling. Third Lake could engage in selling securities and other financial instruments short, which involves the sale of borrowed financial instruments. In order to sell a financial instrument short, the seller must borrow the financial instrument from a lender and deliver it to the buyer. The seller is then obligated to return the financial instrument to the lender at its request (although the seller remains free to return the financial instrument to the lender at any time prior to the lender's request). The seller ordinarily fulfills its obligation to return a financial instrument previously sold short by acquiring it in the open market.

A short sale by Third Lake ordinarily involves a judgment on its part that, subsequent to the sale, the price of the financial instrument will fall over time, resulting in profits equal to the difference between the net proceeds of the sale and the cost of acquiring the financial instrument (or a financial instrument exchangeable for or convertible into such financial instrument) at a later date to fulfill the obligation to return the financial instrument to the lender.

The principal risk in selling a particular financial instrument short is that, contrary to expectation, the price of the financial instrument will rise, resulting in a loss equal to the difference between the cost of acquiring the financial instrument (for return to the lender) and the net proceeds of the short sale. (This risk of loss is theoretically unlimited; since there is theoretically no limit on the price to which the financial instrument sold short could rise.)

Another risk is that the short seller could be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender could call back a stock at



a time the market for such stock is illiquid or additional stock is not available to borrow. In addition, some traders might attempt to profit by making large purchases of a financial instrument that has been sold short. These traders hope that, by driving up the price of the financial instrument through their purchases, they will induce short sellers to seek to minimize their losses by buying the financial instrument in the open market for return to their lenders, thereby driving the price of the financial instrument even higher.

Reliance on Fundamental Analysis. Trading decisions could be based, in whole or in part, on fundamental analysis. Fundamental trading systems consider factors, such as inflation, trade balances, inventories and interest rates, which do not have an impact on traditional technical trading systems, in an attempt to identify investment opportunities. To the extent that such factors provide mixed or conflicting signals, the fundamental trading systems might not be able to detect and/or accurately predict price trends. There can be no guarantee that fundamental trading systems will enable either to accurately value the securities in which a Client invests or that any anticipated price trends will materialize with respect to such investments.

Trading in OTC Markets. A Client could engage in over-the-counter ("OTC") derivative transactions, such as currency forward contracts traded in the interbank market; options on currency forward contracts and certain swap agreements. In general, there is less governmental regulation and supervision of transactions in the OTC markets than of transactions entered into on organized exchanges. Most of the protections afforded to participants on U.S. and certain non-U.S. exchanges, such as daily price fluctuation limits and the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. A Client will be exposed to greater risk of loss through default than if they confined their trading to organized exchanges.

Currency Risk. A Client could be exposed in the interbank market to risks associated with any government or market action that might suspend or restrict trading or otherwise render illiquid, in whole or in part, the position. A Client could trade currencies and financial instruments in interbank and forward contract markets which the Third Lake believes to be well-established and of recognized standing. Third Lake could effect such trades with brokers and other market participants which it believes to be creditworthy.

Foreign Exchange Trading. A Client could trade foreign exchange currencies ("Forex"). There are no restrictions on the currency pairs traded by a Client trading Forex. The assets of a Client allocated to trading Forex will be at risk for fluctuations in the exchange rate between the currencies in which they trade and U.S. dollars. There is no restriction on how much of a Client's trading might be on foreign markets. A Client could also trade options on currencies. Although the currency market is not believed to be necessarily more volatile than the markets in other commodities, there is less protection against defaults in Forex trading because such contracts are not effected on or through an exchange or clearinghouse. Therefore, with respect to this trading, assets of the Fund allocated to trading Forex are not afforded the protections provided by trading on regulated exchanges, including segregation of funds. In any principal contract, Third Lake must rely on the creditworthiness of their counterparty.



The trading of Forex subjects the assets of to a variety of risks including: 1) counterparty risk; 2) basis risk; 3) interest rate risk; 4) settlement risk; 5) legal risk; and 6) operational risk. Counterparty risk is the risk that the counterparties of the Fund trading Forex might default on their obligation to pay or perform generally on their obligations. The over-the-counter markets and some foreign markets are “principals’ markets.” That means that performance of the contract is the responsibility only of the individual firm or member on the other side of the trade and not any exchange or clearing corporation. Such “counterparty risk” is accentuated for contracts with longer maturities where events might intervene to prevent settlement or where a Client has concentrated its transactions with a single or small group of counterparties. Basis risk is the risk attributable to the movements in the spread between the derivative contract price and the future price of the underlying instrument. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm’s management information, support and control systems and procedures. Transactions in over-the-counter derivatives could involve other risks as well, as there is no exchange market on which to close out an open position. It could be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Additionally, Forex trading is highly leveraged and a small movement in the relative value of the currencies traded could result in a large gain or loss for a Client. The use of leverage magnifies the degree of risk as well as the opportunity for gain.

Cash and Cash Equivalent Investments. A Client could invest a portion of its assets in cash or cash equivalent items for investment purposes, pending other investments, as collateral or as provision of margin for derivative instruments. These cash items generally are of high quality at the time of investment and could include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers’ acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by Third Lake. While these investments generally involve relatively low risk levels, they could produce lower than expected returns, and could result in losses.

Accuracy of Public Information. Third Lake select investments for a Client, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Third Lake and/or any applicable sub-adviser by the issuers or through sources other than the issuers. Although Third Lake evaluate all such information and data and ordinarily seeks independent corroboration when either considers it appropriate, each of Third Lake is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.



Risk Reduction Techniques Might not be Effective. A Client could use various hedging or other “risk-reduction” techniques in an attempt to minimize the risk of loss in portfolio positions. Such techniques might not always be available, and even when implemented might not always be effective in limiting losses. For example, the degree of correlation between an asset being hedged and the hedging instruments could vary from historical trends, resulting in less protection to the portfolio.

Some hedging techniques limit the opportunity for gain with respect to the position being hedged. In addition, risk-reduction techniques impose additional trading costs. During particularly volatile market conditions, a Client might use risk-reduction techniques that provide no added protection, while possibly imposing significant transaction costs. Moreover, illiquidity or default on one side of a hedge can effectively result in the position being converted into one that is entirely speculative.

Certain Risks Associated With Investments in Funds

Multiple Levels of Fees and Expenses. As with most fund of funds investments, a Fund and many of the underlying funds impose asset-based management fees and other administrative fees and expenses. In addition, a Fund and many underlying funds impose performance-based fees or allocations on realized and unrealized appreciation in the value of their assets. This results in greater expense and less return on investment than if such fees and expenses were not charged. In addition, performance-based allocations or fees could give underlying managers an incentive to make investment decisions that are more risky or speculative than they might otherwise have made without such arrangements. The multiple levels of fees and expenses will reduce the overall profitability of a Fund.

Limited Diversification and/or Risk Management Failures. A Fund’s portfolio could become significantly concentrated in a limited number of underlying funds, underlying managers, issuers, types of financial instruments, assets, industries, sectors, strategies, countries, or geographic regions, and any such concentration of risk will likely increase losses suffered by a Fund. Limited diversification could expose a Fund to losses disproportionate to market movements in general. As such, a Fund faces concentrated exposure to certain risks. Although the Adviser will always attempt to identify, monitor and manage significant risks, these efforts do not and will not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior could be entirely different. Any inadequacy or failure in the Adviser’s risk management efforts could result in material losses for a Fund.

* * *

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in any or all of the strategies. Prospective investors should read this entire Form ADV and all accompanying materials provided by Third Lake and consult



with their own advisers before deciding whether to invest in the strategies. In addition, as portfolio company investments mature and the strategies develop and change over time, an investment will be subject to additional and different risk factors. Third Lake will promptly amend this brochure if and when any information regarding its investment risks and strategies becomes materially inaccurate.

ITEM 9 – DISCIPLINARY INFORMATION

Third Lake and its supervised persons have no reportable disciplinary events to disclose.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Third Lake is not registered and does not have an application pending to register as a broker-dealer. Third Lake has management persons that are registered representatives of an affiliated broker-dealer.

B. Neither Third Lake nor any of its management persons is registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing.

C. As applicable, any Fund with a separate general partner (or entity serving in a similar capacity) is a related person of Third Lake and, as applicable, is entitled to receive incentive-based compensation from such Fund. This relationship creates an incentive for Third Lake to make investment allocations that are riskier or more speculative than would be the case if a general partner affiliate (or similar affiliated entity) did not receive incentive compensation from its respective Fund for serving as the general partner (or similar capacity) to such Fund.

The Adviser and any Adviser affiliate will likely furnish and will continue to furnish investment management and advisory service to others. The Adviser and Adviser affiliates could make recommendations to and take actions on behalf of others (including but not limited to Funds), which will likely be the same as or different from recommendations made to other Clients. In addition, the Adviser or any Adviser affiliate will likely make recommendations to trade, purchase or sell for Client regarding any investment opportunity which the Adviser or an Adviser affiliate will likely recommend purchase or sell for its own account or for the account of any other Client (or recommend to any other Client); and the Adviser or Adviser affiliates will likely not give Clients the same advice as potentially given to any other Client. The Adviser or any Adviser affiliate will likely also act as investment adviser or manager to other clients. The Adviser and Adviser affiliates will likely from time to time have positions in or transact in investment opportunities recommended to Clients. Such transactions will likely differ from or be inconsistent with the advice given, or the timing or nature of the Adviser's advice given with respect to a Client. The Adviser always acts in the best interest of its Clients and in accordance with a Client's investment objectives and has a robust compliance program in place to generally deal with conflicts of interest that come up from time to time



on an objective basis.

TLS, an affiliate of Third Lake, has and in the future will be referred by Third Lake on behalf of a Client to provide a variety of middle and back office services including but not limited to: portfolio reporting services, reconciliations, administrative services and accounting services. If so retained and in connection with these services, TLS will be entitled to compensation for the provision of such services. As a result, Third Lake will be incentivized to refer its affiliate to provide these middle and back office related services even though there are third party service providers who could provide these services. Notwithstanding the foregoing, Third Lake will only refer TLS to provide these services if it believes it is commercially reasonable to do so and, after taking into account the services to be provided, the fees to be paid and all other material factors, Third Lake believes it would be in the best interest of a Client to retain such affiliate. *See Item 5 and Item 11 of this brochure for additional information.*

TL Development, an affiliate of Adviser, has been and is expected in the future to be retained to provide development and construction services with respect to certain investments made by one or more Fund Clients. TL Design, another affiliate of Adviser, has been and in the future is expected to be retained to provide interior design and/or construction management services with respect to one or more investments made by one or more Fund Clients. When considering hiring TL Development and TL Design, Adviser will face conflicts of interest as TL Development and TL Design, on the one hand, and Adviser, on the other hand, are under common ownership and control and as such, Adviser will indirectly benefit (and some or all of its members will directly benefit) from engaging both TL Development and TL Design to provide these services in connection with underlying investments by one or more Fund Clients. That being said, Adviser will first consider if TL Development and/or TL Design are well-positioned and well-qualified to provide these services, the rates being charged by each of TL Development and TL Design are commercially reasonable and not more than a Fund Client would otherwise pay if it went to the open market to bid on a similar contract and hiring each of TL Development and TL Design will allow a Fund Client to closely monitor how its other third party contractors are doing over the course of the project(s). Further, Adviser will always act in the best interest of its Clients. *See Item 5 and Item 11 of this brochure for additional information.*

TL Construction, an affiliate of Adviser is anticipated in the future to be retained to provide general contractor services with respect to certain investments made by one or more Fund Clients. When considering hiring TL Construction, Adviser will face conflicts of interest as TL Construction, on the one hand, and Adviser, on the other hand, are under common ownership and control and as such, Adviser will indirectly benefit (and some or all of its members will directly benefit) from engaging TL Construction to provide these services in connection with underlying investments by one or more Fund Clients. That being said, Adviser will first consider if TL Construction is well-positioned and well-qualified to provide these services, the rates being charged by TL Construction are commercially reasonable and not more than a Fund Client would otherwise pay if it went to the open market to bid on a similar contract and hiring TL Construction will allow a Fund Client to closely monitor how its other third party contractors are doing over the course of the project(s). Further,



Adviser will always act in the best interest of its Clients. *See Item 5 and Item 11 of this brochure for additional information.*

TLA, an SEC-registered broker-dealer and FINRA member, is an affiliate of Adviser and from time to time will likely provide securities brokerage services to one or more Clients of Adviser or to entities in which those Clients are invested (either through Adviser or relating to a Fund Client or a separate investment), in connection with equity or debt private placements or financing transactions or investment banking services, and will receive fees or commissions for its services. Such fees or commissions may be paid directly by such Clients or Fund Clients or by another entity. For certain transactions, Adviser will likely engage TLA for its brokerage services. Certain supervised persons of Adviser (including Dual Personnel and management persons) are also registered persons of TLA and for the services they perform on behalf of TLA in connection with its brokerage business, separately receive compensation from TLA in the form of salary and discretionary bonus (which is in addition to compensation they receive for their services of behalf of Adviser). The involvement of TLA or the engagement of TLA by Adviser presents conflicts of interest. *See further disclosures and information under Item 5 and Item 11.*

D. Not applicable.



ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. The Adviser has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (the “Code”). The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading of certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a private placement; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

Adviser recognizes and acknowledges that managing Funds with substantially similar investment strategies side-by-side presents potential conflicts of interest for investment allocation between and/or among the Funds. Similarly, allocating investments between or among Funds with different investment time horizons and of different size and expense structures can also present additional conflicts throughout the life-cycle of an investment or Fund.

Adviser generally will allocate investment opportunities among its various Clients (that are eligible to invest in any such opportunity) on a fair and equitable basis, consistent with its fiduciary obligations and the governing documents for the relevant Fund.

Adviser and its affiliates could from time to time cause the Funds to enter into transactions and/or arrangements involving actual or potential conflicts of interest. Adviser and its affiliates generally review any such transactions or arrangements involving material conflicts of interest and take such actions as they deem appropriate or necessary under the circumstances in an attempt to ensure that the overall terms of such transactions or arrangements are fair and equitable under the circumstances.

The Adviser, its affiliates and their respective officers, employees, principals and/or affiliates serve, and will likely in the future serve, as general partners, managing members and/or sponsors of, and/or investment managers to, various Clients (including Clients that utilize substantially similar investment strategies). The Adviser generally (depending on investment mandates) will attempt to reduce or mitigate any actual or potential conflicts of interest that will likely arise by avoiding simultaneous offerings of Funds (or SMAs) that are substantially similar to one another in one or more respects. Nevertheless, there often will be circumstances during which the Adviser simultaneously performs investment management services for multiple Clients for which an investment might be suitable for more than one of such Clients. At all times the Adviser adheres to its fiduciary duties and Code of Ethics.



The Adviser could engage in transactions in which it causes a Client to purchase securities or other instruments from, or sell securities or other instruments to, other Clients managed by the Adviser and/or its affiliates (“cross-trades”) for purposes of portfolio rebalancing or for other reasons which could arise from time to time. The Adviser intends that any cross-trades will, to the best of the Adviser’s ability, reflect the market value of the security or other instrument being purchased or sold and the Adviser and/or its affiliates, as applicable, will always seek best execution. Prior to affecting any cross-trade, the Adviser will make a good faith determination that the transaction is in the best interests of the relevant Clients.

A copy of the Firm’s Code of Ethics is available to clients or investors and prospective clients or investors upon their individual request.

B. From time to time, individuals associated with Third Lake could buy, sell, or hold in their personal accounts the same securities or investments that are held in Client accounts and vice versa. To minimize conflicts of interest, and to maintain the fiduciary responsibility Third Lake has to its Clients, the Firm has established the following personal securities transaction policy to monitor the personal securities transactions and securities holdings of each of Third Lake’s “access persons.” Third Lake’s securities transaction policy requires that an access person must provide the Chief Compliance Officer with a written report of their current securities holdings within ten (10) days after becoming an access person. Additionally, each access person must provide the Chief Compliance Officer with a written report of the access person’s current securities holdings at least once each twelve (12) month period thereafter on a date Third Lake selects. The Chief Compliance Officer is required to review these reports to verify that personal securities transactions are conducted in accordance with the Code of Ethics.

In addition, Third Lake and its eligible personnel could also invest in Funds of its or their choosing. It is expected that, if such investments are made, the size and nature of these investments will change over time.

C. From time to time, individuals associated with Third Lake could, at or about the same time, buy, sell, or hold in their personal accounts the same securities that the Firm recommends to its Clients and vice versa. This practice could create a situation where such individuals are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.A and B, Third Lake has a personal securities transaction policy in place to mitigate any potential conflicts of interest.

D. At times, Third Lake or its related persons might purchase securities that it deems appropriate only for its or their own account. Based on the experience of Third Lake or its related persons holding the securities and on further research and due diligence, Third Lake could at a later time purchase such securities for Client accounts at prices which might be higher or lower than those originally paid or could recommend that a Client make an investment in a company (whether directly or indirectly through a Fund) that is already owned by principals and/or related persons of



Third Lake and of which such persons could benefit from such Clients' investment. Third Lake discloses these conflicts of interest and adheres to its Code of Ethics.

Allocation Policy Summary

General

Third Lake allocates investment opportunities across Client accounts according to its allocation policy which is summarized here. Third Lake's allocation policy is designed to promote fair and equitable treatment for each Client portfolio or account over time and also addresses and takes into consideration conflicts of interest that may arise relating to the management of multiple accounts (including Funds and SMAs) with different fee arrangements.

Third Lake's SMA Clients comprise certain related parties and family members of Third Lake members and principals ("Family Related Clients") and non-Family Related Clients. Third Lake's SMA Clients are all (subject to an SMA's investment objectives, policies and limitations, as applicable) generally presented with opportunities to invest in one or more asset-classes through Funds managed by Third Lake, subject to (i) certain right of first refusal provisions available to certain Family Related Clients with respect to up to 50% of any Fund allocation (referred to as the "ROFRs"), (ii) an up to 2% allocation to Third Lake affiliated entities and key employees¹ (the "TL Allocation") and (iii) Aggregated Vehicle (as defined herein) investments. Third Lake's Funds typically endeavor to allocate investment opportunities among the Funds in a fair and equitable manner.

Third Lake also offers non-Family Related Clients to invest in Funds through an entity formed for such non-Family Related Client only and managed by Third Lake, and pursuant to which such non-Family Related Client would commit a minimum amount of assets to such entity (typically not less than \$25 million) and such entity's mandate would be to invest in Third Lake Funds (an "Aggregated Vehicle"). Non-Family Related Clients opting to invest in Third Lake Funds through an Aggregated Vehicle generally will not (except as otherwise separately agreed to and subject to any specific investment restrictions) be presented with investment opportunities; instead, Third Lake will generally allocate Aggregated Vehicle assets across Third Lake investment opportunities on a discretionary basis. It should be noted that Aggregated Vehicles will generally, after the ROFRs and any TL Allocation, have the first opportunity to invest in Third Lake Funds.

Pre-Allocation Determinations

Notwithstanding the fact that SMA Clients will usually be offered the opportunity to invest in Third Lake Fund Client opportunities, it should be noted that from time to time Third Lake will be presented with an investment opportunity available only to its Family Related Clients which stems from a previously existing relationship with such Family Related Client (a "Legacy Opportunity").

¹ This is generally considered to mean 2% of the targeted amount intended to be raised with respect to a particular Fund Client.



Such Legacy Opportunities have restrictions regarding who can participate (i.e. Family Related Clients only) and who cannot participate (i.e. non-Family Related Clients). As a result, when a Legacy Opportunity is presented to Third Lake, it will only be offered to Family Related Clients.

Allocation of Investments

Investment opportunities are sourced and ultimately approved by Third Lake's Investment Committee. Following such approval, the Allocation Committee will offer such approved investment opportunities through either or both of (i) a Fund which will be presented to Clients in the following manner: first, to the Family Related Clients pursuant to the ROFR, second, pursuant to the TL Allocation, third, to non-Family Clients utilizing an Aggregated Vehicle and thereafter, equally among the non-Family Members whose investment mandate matches the particular investment opportunity presented and (ii) a Fund that is dedicated to investing in one specific investment opportunity (an "SPV") which will be presented to Clients in the following manner: first, pursuant to the TL Allocation, second, to non-Family Related Clients utilizing an Aggregate Vehicle and thereafter equally among the non-Family Related Clients and Family Related Clients whose investment mandate matches the particular investment opportunity presented.

When making an investment opportunity available to non-Family Related Clients that do not utilize an Aggregated Vehicle, Third Lake will consider all relevant circumstances, including, without limitation, the Client's investment objectives, risk tolerance, and concentration in illiquid assets in the Funds. Third Lake will likely also consider whether a particular potential investor or potential investors may potentially add strategic value with respect to such investment opportunity or that offering such investment opportunity is otherwise in the best interest of the Fund, for instance when the potential investor's ability to timely contribute to an investment opportunity will aid in the successful completion of a transaction under consideration. Once a Client is invested in a Fund, such Client (as an investor in such Fund) will not receive any advantage or superior rights when such Fund is liquidating or winding down.

In the event investments will be offered to a select group of investors as described herein, as opposed to all investors in the Funds, the Allocation Committee will document the factors considered and rationale used in determining which investors to make the opportunity available.

Allocation of Fees and Expenses Related to Investment Opportunities

Third Lake will allocate fees and expenses to be borne by the Clients in accordance with the Client organizational documents and advisory agreements or to the extent not addressed in such documents or agreements in its sole discretion, in each case using good faith and its best judgment as further described in its allocation policy.

Review



The Investment Committee shall act by unanimous vote of committee members present at a meeting at which a quorum (consisting of a majority of the members of the Investment Committee) is present. Once approved, the Allocation Committee, acting by unanimous vote of committee members present at a meeting at which a quorum (consisting of a majority of the members of the Allocation Committee) is present, will determine how and to whom to offer an approved investment following the parameters set forth above.

Certain Other Potential Conflicts of Interest with Related Parties

An affiliate of Third Lake, Third Lake Development, LLC ("TL Development"), has been and will likely be retained to provide development and construction services with respect to one or more investments made by Fund Clients for which Third Lake serves as investment manager. Additionally, another affiliate of Third Lake, Third Lake Design & CM Services, LLC ("TL Design"), has been and will likely be retained to provide interior design and/or construction management services with respect to one or more investments made by Fund Clients for which Third Lake serves as investment manager. Finally, yet another affiliate of Third Lake, Third Lake Construction, LLC ("TL Construction"), will likely be retained to provide general contractor services with respect to one or more investments made by certain Fund Clients for which Third Lake serves as investment manager. When considering hiring TL Development, TL Design and/or TL Construction, Third Lake (directly or indirectly) faces conflicts of interest as TL Development, TL Design and/or TL Construction, on the one hand, and the Third Lake, on the other hand, are under common ownership and control and as such, the Third Lake will indirectly benefit (and some or all of its members will directly benefit) from engaging all or any of TL Development, TL Design and/or TL Construction to provide these services in connection with investments made by Third Lake Fund Clients. That being said, Third Lake will only engage TL Development, TL Design and/or TL Construction (as the case may be) if Third Lake believes, on a case-by-case basis, that the hiring of any of TL Development, TL Design and/or TL Construction are well-positioned and well-qualified to provide such services, the rates being charged by each of TL Development, TL Design and/or TL Construction will be commercially reasonable and not more than a Fund Client would otherwise pay if it went to the open market to bid on a similar contract and hiring any or all of TL Development, TL Design and/or TL Construction will allow such Fund Client to closely monitor how its other third party contractors are doing over the course of the applicable project(s). In all instances Third Lake will always act in the best interest of each Fund Client.

Additionally, with respect to certain investments made by certain Fund Clients of Third Lake, it is possible that TL Development will make an investment in one or more of such investments (generally indirectly through a holding company). This will create a conflict of interest because Third Lake, an affiliate of TL Development, would have an interest in expediting the development of any particular investment in order to more quickly cash out of such investment even if it would not be in the best interest of a Fund Client to do so. However, Third lake is aware of its fiduciary obligations to each Fund Client and will act in the best interest of each Fund Client and consistent with its fiduciary obligations to its Fund Clients at all times.



Further, another affiliate of Third Lake, Third Lake Solutions, LLC ("TLS") will likely be referred by Third Lake on behalf of one or more Clients to provide a variety of middle and back office services including but not limited to: portfolio reporting services, reconciliations, administrative services and accounting services. In connection with these services, TLS will be entitled to compensation for the provision of such services. As a result, Third Lake will be incentivized to refer TLS to provide these middle and back office related services even though there are third party service providers who could provide these services. Notwithstanding the foregoing, Third Lake will only refer TLS to provide these services if it believes it is commercially reasonable to do so and, after taking into account the services to be provided, the fees to be paid and all other material factors, Third Lake believes it would be in the best interest of a Client to retain such affiliate. It should be noted that Third Lake FO Services, LLC, an affiliate who originally provided the services that TLS now provides recently merged with and into TLS, with TLS surviving.

Additionally, another affiliate of Third Lake, Third Lake Associates, LLC ("TLA"), an SEC-registered broker-dealer and FINRA member, is an affiliate of Adviser and from time to time will likely provide securities brokerage services to one or more Clients of Adviser or to entities in which those Clients are invested (either through Adviser or relating to a Fund Client or a separate investment), in connection with equity or debt private placements or financing transactions or investment banking services, and will receive fees or commissions for its services. In such cases, TLA will have a material financial interest in such transactions. Certain registered persons of TLA are also supervised persons of Adviser and subject to Adviser's Code of Ethics. The involvement of TLA or the engagement of TLA by Adviser presents conflicts of interest.

Conflicts of interest are also described in each Fund's offering documents which contain the conflicts of interest specific to that particular Fund. Conflicts of interest are described generally to each SMA as well.

See Item 5 and Item 10 of this brochure for additional information regarding these related party services and the conflicts that could and will arise.

Warehousing

It is possible that an affiliate of Adviser could make a deposit on one or more Fund Client's initial investment. In this instance a deposit by an affiliate would be made to secure the purchase of an investment opportunity on the terms then available for offer and for which a particular Fund Client may at such time be unable to purchase due to the timing of such Fund Client's launch. This particular transaction would ultimately constitute a principal transaction and would create a conflict of interest as the affiliate would be selling to the applicable Fund Client financial rights to an investment in which it owns (typically indirectly through another vehicle). It should be noted that notwithstanding the foregoing, Adviser will always act in the best interest of its Fund Clients and will only proceed with a principal transaction if it determines that the investment would only need to be warehoused because the applicable Fund had not yet had its initial closing which, if it had, such Fund Client would have otherwise purchased directly or through subscription financing



or other bridge loan financing. Any warehoused investment will be valued by Adviser at cost (i.e., the price of the deposit) and neither Adviser nor any affiliate will take a fee with respect to a principal transaction and any consents that need to be sought will be done at such time.

ITEM 12 – BROKERAGE PRACTICES

Third Lake currently does not engage in trading transactions on behalf of its Fund Clients who are solely invested in private equity or venture capital investments and Third Lake does not utilize the services of broker-dealers for transaction related services with respect to such Fund Clients. With respect to its Clients who engage in securities trading, the following brokerage practices apply:

A. In selecting counterparties to effectuate securities transaction on behalf of Funds that trade in financial instruments, the Adviser will typically take into account the financial stability and reputation of the firms, the size and type of the transaction, the difficulty of execution and the firm's ability to handle difficult trades, the broker's operational facilities and the broker-dealer counterparty's ability to handle block trades. The Adviser could place transactions with a counterparty that (i) provides the Adviser (and/or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to a Fund or other products advised by the Adviser (and/or an affiliate), if otherwise consistent with seeking best execution; provided the Adviser is not selecting the broker-dealer counterparty based on the opportunity to participate in such capital introduction events or the referral of investors.

The Adviser reserves the right to use "soft" or commission dollars to obtain research or other products or services within the safe harbor found in Section 28(e) of the Securities Exchange Act of 1934, as amended. When the Adviser uses Client commissions (or mark ups or mark downs) to obtain research or other products or services, the Adviser receives a benefit because the Adviser does not have to produce or pay for the research, products or services. The Adviser would have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services rather than on its Clients' interest in receiving most favorable execution. The Adviser will not cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits. The Adviser has not acquired any products or services within the last year with brokerage commissions.

The Adviser does not select or recommend broker-dealers in exchange for Client referrals.

The Adviser does not presently engage in directed brokerage arrangements.

As an investment advisory firm, the Adviser has a fiduciary duty to seek best execution for Client transactions. As a matter of policy and practice, the Firm seeks to obtain best execution for Client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances. Other components that the Firm analyzes in seeking best execution are timeliness of having a transaction executed by a broker, the value of



research provided, the responsiveness of the broker to the Firm and the financial responsibility of the broker.

As a fiduciary, the Adviser has the responsibility to effect orders correctly, promptly and in the best interests of the Clients. In the event any error occurs in the handling of any Client transactions, due to the Firm's actions, or inaction, or actions of others, the Firm's policy is to correct the trade error promptly and to resolve the trade error so as to avoid incurring a loss to the Client.

B. The Firm might, but is not obligated to, purchase or sell such a security on behalf of its Clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price, with transaction costs generally allocated pro rata based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by the Firm. In the event of a partial fill, allocations could be modified on a basis that the Firm deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Firm. As a result, certain trades in the same security for one Client (including a Client in which the Firm and its personnel could have a direct or indirect interest) could receive more or less favorable prices or terms than another Client, and orders placed later might not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale might not be achieved.

See also Item 12 – "Allocation Policy Summary" for a summary of Third Lake's allocation policies and procedures.

ITEM 13 – REVIEW OF ACCOUNTS

A. The portfolio investments of each Fund are continuously reviewed by a team of investment professionals. The team generally includes Ken Jones, Robert Forsythe, Stewart Oldfield, Luke Thomas, Case Fell and other investment professionals of Third Lake. Third Lake actively monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies.

B. The Adviser will conduct reviews other than on a periodic basis generally depending on the facts and circumstances at that time.

C. Investors in the Funds will typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund; provided, however, that Investors in the Funds that operate as fund of funds will typically receive, among other things, a copy of audited financial statements of the relevant Fund within 180 days (or such later date as permitted by applicable law) after the fiscal year end of such Fund. In addition, investors in each Fund will typically receive written reports containing unaudited summary financial



information regarding such Fund at least semi-annually.

SMAs that receive wealth planning and coordination services are reviewed on an as needed basis or as agreed to with the Client. Such reviews will be triggered by a planning update, a Client event, or changes in the Client's circumstances. All advisory Clients are encouraged to discuss their needs, goals, and objectives with Third Lake and to keep Third Lake informed of any changes or anticipated changes.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Third Lake does not directly or indirectly compensate any person for client referrals. Third Lake does not receive any economic benefits, other than the stated fees described in this brochure, from Clients for providing investment advice and other investment advisory services.

ITEM 15 – CUSTODY

All SMA accounts are custodied at unaffiliated broker/dealers or banks. Third Lake does not have custody of any SMA securities or funds.

Third Lake, in its capacity as manager to certain Funds, has custody of such Fund's funds and securities. Investors in such Funds will receive audited financial statements prepared in accordance with US generally accepted accounting principles within 120 days of such Fund's fiscal year-end (or 180 days if such Fund operates as a fund of funds (or such later date as permitted by applicable law)).

The general partners, each affiliates of Third Lake, each serve as the general partner of its respective Fund and as such are each deemed to have custody of each such respective Fund's funds and securities. Investors in such Funds will receive audited financial statements prepared in accordance with US generally accepted accounting principles within 120 days of such Fund's fiscal year-end (or 180 if such Fund operates as a fund of funds).

ITEM 16 – INVESTMENT DISCRETION

All SMA advisory relationships will be on a non-discretionary basis. The Firm will initially meet with SMAs and discuss their investment objectives and then prepare a written investment mandate for them. Only Fund investment opportunities that fall within such SMA's written investment mandate will be presented to them for potential investment. SMAs will have the discretion to decide whether to invest in Funds (which will be managed by Third Lake). Once an SMA invests in a Fund, the SMA will not have discretion over the assets within the Fund as Third Lake will have full discretionary authority and responsibility with respect to the investment management of each Fund pursuant to the investment advisory agreement of each Fund. Investment advice is provided by Third Lake directly to the Funds, subject to the direction and control of the affiliated general partner or manager of such Fund. Any restrictions on investments in certain types of securities are



established by the general partner or manager of the applicable Fund and are set forth in each Fund's organizational documents.

The Adviser will be providing discretionary investment management services to one or more Funds that will invest in a variety of investment opportunities, including but not limited to, (i) private equity investments of any kind, (ii) venture capital investments of any kind, (iii) real estate investments of any kind (both real property and securities and/or other financial instruments related thereto), (iv) hedge funds investing in equity linked structured notes and other liquid investments, and (v) underlying private investment funds managed by related and/or third party managers. Most, if not all, of the investment opportunities recommended by Adviser to an SMA will be effectuated through a Fund.

ITEM 17 – VOTING CLIENT SECURITIES

If applicable, Third Lake will only have the authority to vote proxies on behalf of the Funds. Third Lake's authority to vote proxies for the Funds will be established by its investment advisory agreement with each Fund. Third Lake has adopted the proxy voting policies and procedures set forth in its Compliance Manual. Under such proxy voting policy, Third Lake will generally vote proxies in accordance with the recommendation of the issuing company's management on routine and administrative matters unless Third Lake has a particular reason to vote to the contrary. Non-routine matters will be voted on a case-by-case basis in a manner that serves the Clients' best interest. Under certain circumstances, we would abstain from voting specific proxies if we believe that doing so is in the best interests of our Clients. Furthermore, under our proxy voting policy, we would likely not vote proxies issued by companies if our Clients no longer have any economic exposure to the issuer of the proxy or if we believe that the subject matter of the proxy has no material impact on our clients. We follow procedures designed to identify conflicts or potential conflicts that could arise between our own interests and those of the Funds. If it is determined that any such conflict or potential conflict is not material, we could vote proxies notwithstanding the existence of the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, we will engage a third party to recommend a vote with respect to the proxy.

We do not permit clients to direct how we will vote on specific proxies. Each investor in the Funds can request information on how Third Lake voted with respect to the securities of such Fund and obtain a copy of Third Lake's policies and procedures by contacting us at (813) 497-8100.



ITEM 18 – FINANCIAL INFORMATION

Not applicable. Third Lake does not require or solicit prepayment, of more than \$1,200 in fees per client, six months or more in advance. Third Lake does not have any financial condition that would impair the Firm's ability to meet contractual and fiduciary commitments to its clients. Lastly, Third Lake has not been subject to a bankruptcy petition at any time during the past ten years.

