



# NASSAU ALTERNATIVE INVESTMENTS

## NASSAU ALTERNATIVE INVESTMENTS LLC

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### FORM ADV PART 2A: FIRM BROCHURE

March 29, 2024

**This brochure provides information about the qualifications and business practices of Nassau Alternative Investments LLC. If you have any questions about the contents of this brochure, please contact us by phone at (646) 630-8376. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Nassau Alternative Investments LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Nassau Alternative Investments LLC’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

The previous update to this Form ADV Part 2A firm brochure was made on March 31, 2023. Since then, this Form ADV Part 2A firm brochure has been updated to (i) update the firm description and related information in Item 4 (including types of advisory services in Item 4(B) and assets under management information in Item 4(E)); (ii) update the description of the Firm's financial industry affiliates in item 10; and (iii) incorporate certain other general updates. The foregoing is a summary of only those changes made since the most recent update of this Form ADV Part 2A firm brochure that the firm believes are material.

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## **Item 4. Advisory Business**

### **A. Firm Description**

Nassau Alternative Investments LLC, a Delaware limited liability company (the “**Firm**”), was founded in October 2018, and commenced operations in July 2019. The Firm has a principal place of business in New York, New York.

The Firm is a wholly-owned subsidiary of Nassau Asset Management LLC, a Delaware limited liability company (“**NAM**”), which is itself a wholly-owned subsidiary of Nassau Financial Group, L.P., a Cayman Islands exempted limited partnership (“**Nassau Group**”). Nassau Group is a subsidiary of GGCOF Nassau Investments, L.P., a Cayman Islands exempted limited partnership and wholly-owned subsidiary of Nassau NAMCO Splitter, L.P., a Cayman Islands exempted limited partnership (“**NAM Splitter**”). NAM Splitter is owned and controlled by certain private investment funds sponsored and managed by Golden Gate Private Equity, Inc.

NAM was founded by Phillip J. Gass and Kostas Cheliotis in 2015.

Ravi Srinivasan serves as the Managing Director and Portfolio Manager of the Firm.

### **B. Types of Advisory Services**

The Firm provides investment advisory services (i) as an investment manager for pooled investment vehicle that are collateralized fund obligation issuers (collectively, the “**CFOs**”) and (ii) directly and indirectly through a subadvisory agreement with NAM, both on discretionary and nondiscretionary bases, to institutions, including insurance companies, with which the Firm and NAM are affiliated. As of the date of this Form ADV Part 2A firm brochure, the Firm serves as the investment manager for each of the following CFOs:

- Nassau 2019 CFO LLC (together with its wholly-owned special purpose vehicle, Nassau 2019 CFO Fund LLC, “**CFO 2019**”); and
- Nassau CFO 2022 CFO LLC (together with its wholly-owned special purpose vehicle, Nassau CFO 2022 Fund LLC, “**CFO 2020**” and, together with CFO 2019, the “**Nassau CFOs**”).

In addition, the Firm serves as the manager of Nassau Employee Co-Investment Fund II LLC (the “**Internal SPV**” and, together with similar entities formed in the future, the “**Internal SPVs**”), which is a special purpose vehicle through which personnel of the Firm and certain of its affiliates invest in certain investment vehicles managed by the Firm and/or its affiliates, together with other investments. The Firm may also, in the future, provide additional types of investment advisory services or may provide services to additional types of clients.

The CFOs and other investment advisory clients for which the Firm performs investment advisory services are expected to invest primarily in private investment fund interests, private placements and related assets.

### **C. Availability of Customized Services**

Each CFO is or will be managed based on its objectives, which are specified in the relevant offering materials and/or investment advisory agreements. Investment advisory services provided to the Firm’s affiliates are specified in the investment advisory agreement with NAM. Management services provided to the Internal SPVs are specified in the governing documents and offering materials for each such Internal SPV. In connection with managed accounts and CFOs having a limited number of investors, the Firm may

in some cases agree to tailor advisory services to the individual needs of the managed account owner or investors in such CFOs. The offering documents for each CFO will describe the terms and conditions of the CFO, including fees and risk factors, and should be read carefully prior to investment. No offer to sell interests in the CFOs is made by the descriptions in this brochure, and CFOs are available only to investors that are properly qualified.

While much of this brochure applies to all of the Firm's clients, certain information included herein applies to specific clients only. Thus, it is crucial for any client, prospective client, CFO investor, prospective CFO investor, Internal SPV investor or prospective Internal SPV investor to closely review the applicable investment advisory agreement, offering document, organizational agreement or other governing documents with respect to, among other things, the terms, conditions and risks of investing.

#### **D. Wrap Fee Programs**

The Firm does not participate in wrap fee programs.

#### **E. Assets Under Management**

As of December 31, 2023, the Firm managed approximately \$1,231,977,124, of which amount approximately \$774,967,629 was managed on a discretionary basis and approximately \$457,009,495 was managed on a non-discretionary basis.

### **Item 5. Fees and Compensation**

#### **A. Compensation**

Compensation to the Firm for services provided to the Nassau CFOs takes the form of management fees and an incentive fee. The Firm does not receive compensation for managing the Internal SPV.

It is anticipated that compensation to the Firm for services provided to other CFOs and other clients may take the form of management or performance fees, carried interest or other incentive-based compensation related to the performance of such CFOs or other client accounts. Such compensation may be paid to the Firm or an affiliate of the Firm. In some cases, it is possible that these fees may be negotiated with a client prior to engagement. It is also anticipated that the Firm will not receive compensation for managing other Internal SPVs.

#### **B. Payment of Fees**

Management fees paid by NAM are based on the net asset value of the assets managed by the Firm less certain liabilities, and are paid quarterly in arrears. Management fees paid by the Nassau CFOs are based on the cash and net asset value of the assets held within such Nassau CFO, and are paid quarterly in arrears. Incentive fees paid by the Nassau CFOs are expected to be payable later in each such Nassau CFO's life after investors have received a specified target return.

Management fees and performance-based fees paid by other Firm clients will be tailored for each such other client.

Although the foregoing is a brief summary of the management fee arrangements applicable to the Firm's clients, please note that this brief summary is not a substitute for the detailed terms provided in the advisory agreement, offering document, organizational agreement or other governing documents of the Firm's clients.

### C. Additional Expenses

The expenses paid by the Firm's clients are set forth in detail in the advisory agreement, offering document, organizational agreement or other governing documents of the relevant client. Such expenses may differ among clients and within clients. Thus, although the following is a summary of expenses the Firm's clients may generally bear, it is not an exhaustive or complete list with respect to all clients. Clients, prospective clients, CFO investors and prospective CFO investors should therefore review the applicable advisory agreement, offering document, organizational agreement or other governing documents carefully because such documents, and not the summary in this brochure, describe more specifically the expenses such client will bear.

Generally, each of the Firm's clients will bear its own operating and other expenses, which may include, but not be limited to:

- Organizational, start-up, structuring and ongoing operating expenses, including legal, accounting, travel, filing and other organizational expenses, associated with the formation and ongoing operation of the CFOs, the CFOs' general partners and any related vehicles;
- Fees and expenses incurred in connection with services provided by legal advisers, consultants, rating agencies, accountants, auditors and brokers;
- Fees and expenses incurred in connection with asset pricing, modeling and rating services, compliance services, software programs and services and programming and data entry services;
- Management fees and performance-based compensation paid to the Firm;
- Expenses and fees related to the evaluation and development of investments (*e.g.*, investment-related travel, meal and lodging expenses, quotation service expenses, appraisal fees, consulting fees, rating agency fees and expenses, pricing and valuation fees, and other due diligence expenses), regardless of whether a transaction for such investment is consummated;
- Fees and expenses related to the acquisition, hedging and disposition of investments (*e.g.*, private placement fees, arranger fees, syndication fees, investment banking fees, attorneys' fees, commitment fees, servicing fees, brokerage fees and commissions, mark-ups or mark-downs, settlement fees, breakup fees, trade clearing and settlement expenses, trade confirmation and reconciliation expenses, other trading-related expenses, and other transaction fees and expenses);
- Fees and expenses related to the monitoring and holding of investments (*e.g.*, interest expense, recordkeeping expenses, custody fees, bank charges, fees and expenses of trustees and other service providers and risk management expenses);
- Fees and expenses related to bookkeeping, accounting, record keeping and preparing reports to investors;
- Interest and expenses related to client borrowings and indebtedness;
- Legal fees and expenses;
- Costs associated with regulatory compliance (*e.g.*, expenses related to anti-money laundering monitoring, expenses related to investor-related compliance obligations (such as AIFMD and FATCA), expenses related to investment-specific regulatory filings (such as Hart-Scott-Rodino notifications), and expenses related to non-position-specific regulatory filings (such as Forms PF and Forms D));

- Fees and expenses related to forming, maintaining and winding up private investment fund vehicles and transaction vehicles or subsidiaries (*e.g.*, formation and organizational expenses, expenses related to the maintenance of offering documents and disclosure, trustee expenses and administrator expenses);
- Government fees (including registration and filing fees and other regulatory charges), taxes and levies;
- Costs and expenses related to indemnification obligations;
- Insurance premiums and other insurance-related expenses;
- Expenses related to services provided by affiliates of the Firm (*e.g.*, shared service expenses); and
- Other costs, expenses and fees to be described in the offering documents, investment advisory agreement entered into with each client, or applicable organizational or governing document of the client.

Expenses to be borne by more than one client will be allocated across the applicable clients in a manner determined by the Firm to be fair and equitable and consistent with its policies and procedures, generally *pro rata* based on the size of the applicable investment, client or account (as applicable).

#### **D. Advance Payment of Fees**

As a general matter, the Firm bills for services in arrears.

#### **E. Compensation for Sale of Securities or Other Investment Products**

Neither the Firm nor any of its supervised persons receives any transaction-based compensation for the sale of investment instruments.

A description of the brokerage and other transaction costs that are borne by the Firm's clients is in Item 12 of this brochure.

### **Item 6. Performance-Based Compensation and Side-by-Side Management**

As described in Item 5 above, the Firm and/or its affiliates receive compensation from certain clients partly in the form of performance-based compensation. However, such performance-based compensation may not be charged in the same amount or manner for all clients. The variation of performance-based compensation structures among clients may give rise to conflicts of interest. For example, variations create an incentive for the Firm to (i) disproportionately allocate time, services or functions to, (ii) direct the best investment ideas to, or (iii) allocate the sequence of trades in favor of, clients that have a performance-based compensation arrangement more favorable to the Firm. The Firm is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address such conflicts of interest. These policies and procedures are described in more detail in Item 11 of this brochure.

### **Item 7. Types of Clients**

The Firm's primary activity is to provide investment advisory services to CFOs, which are pooled investment vehicles generally offered to investors that are, in the case of U.S. investors, both "qualified purchasers" ("**QPs**") as defined in the Investment Company Act of 1940 (the "**Investment Company Act**") and "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act of 1933 (the

*“Securities Act”*). The Firm generally provides investment advice to its clients (including the CFOs), and not individually to the investors in the CFOs or any other clients. The Firm also advises, indirectly via a subadvisory agreement with NAM, insurance companies with which the Firm is affiliated. The Firm also manages the Internal SPV, which is a special purpose vehicle that will invest in a limited number of investments.

With respect to any client that is a CFO, Internal SPV or other pooled investment vehicle, minimum subscription or investment amounts will be disclosed in the relevant offering memorandum or other documentation.

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

The descriptions set forth in this brochure of specific advisory services that the Firm offers its clients, and investment strategies pursued and investments made on behalf of its clients, should not be understood to limit in any way the Firm’s investment activities. The Firm may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that it considers appropriate, subject in each case to the relevant client’s investment objectives and guidelines.

### **A. Methods of Analysis and Investment Strategies**

The Firm seeks to generate both long term capital appreciation and current income by investing in a mix of private equity funds and venture capital funds, on the one hand, and mezzanine and other debt funds, on the other, that collectively utilize a mix of strategies for generating returns and invest in portfolio companies across a broad range of industries. The Firm utilizes a variety of methods to make investment decisions and recommendations. The Firm generally will conduct a review of target funds and underlying portfolio investments which may include, without limitation, (i) analyses of corporate activities and financials, (ii) reviews of annual reports, prospectuses and filings with the U.S. Securities and Exchange Commission (the *“SEC”*), if any, (iii) transaction offering memoranda and related offering materials, and (iv) where appropriate, interviews and meetings with senior management and/or managers of such target investments.

Clients and investors in CFOs and Internal SPVs should be aware that investing in securities and other investment instruments involves risk of loss that clients and such investors should be prepared to bear.

### **B. Material Risks of Investment Strategies**

The investment strategies the Firm uses entail substantial risks, including, but not limited to, those identified below. Further details regarding these risks and other applicable risk factors are included in the offering and/or other documents of the CFOs and Internal SPVs for which the Firm performs investment advisory services, or in the advisory agreement or other documentation furnished to other clients. Clients and prospective clients, and investors and prospective investors in the CFOs and Internal SPVs, are advised to carefully review all risk factors described in such documents. The following is not intended to supersede the material contained in such documents.

### **Risks Relating to the Firm**

***The Firm Depends on the Managerial Expertise Available to It and its Key Personnel.*** The CFO’s and other client accounts’ activities will be directed by the Firm. Clients and the holders of the notes issued by the CFOs (the *“CFO Notes”*) and equity interests issued by the CFOs (the *“CFO Equity”*) and, together with the CFO Notes, the *“Offered Securities”*) will generally not make decisions with respect to the management, disposition or other realization of any investment or other decisions regarding the business



and affairs of the CFOs or other client accounts. Consequently, the success of the CFOs and investments on behalf of other client accounts will depend, in large part, on the skill and expertise of the Firm's investment professionals particularly those of Mr. Srinivasan. If the Firm were to lose the services of Mr. Srinivasan or any of its other key investment professionals or other key personnel, the consequences to its clients, including the CFOs and Internal SPVs, could be material and adverse. There can be no assurance that any of the Firm's investment professionals will continue to serve in their current positions or continue to be authorized persons of the Firm. Although such investment professionals intend to devote such time as they determine in their discretion is reasonably necessary to fulfill the Firm's obligations effectively, they will not devote all of their professional time to the affairs of the CFOs or other Firm clients.

Furthermore, all of the Firm's employees are shared employees (the "***Shared Employees***") made available to it under a shared services agreement (the "***Shared Services Agreement***") entered into with affiliates of the Firm (the "***Shared Service Providers***"). The Firm is relying extensively on the experience, relationships and expertise of these persons over which it does not have direct control. There can be no assurance that any particular Shared Employees will remain with the Shared Service Providers or will otherwise continue to be able to carry on their current duties to the Firm under the Shared Services Agreement or that the Shared Service Providers will be able to attract and retain replacements or additional persons when needed. The loss of the services of one or more of these professionals could have an adverse impact on the ability of the Firm to perform its duties.

***The Firm Relies Heavily on the Services Provided by the Shared Service Providers.*** The Firm has entered into the Shared Services Agreement pursuant to which the Shared Service Providers and their agents perform certain back-office, credit analysis and reporting functions among other functions that will be delegated to them by the Firm. In performing its obligations to its clients, including the CFOs and Internal SPVs, the Firm depends, in large part, upon the skill and expertise of certain personnel of the Shared Service Providers that are made available to the Firm pursuant to the Shared Services Agreement who, in each case, are responsible for the day-to-day operations and management of the Firm. There can be no assurance or guarantee that any personnel expected to be or currently serving as directors or employed by, or made available by the Shared Service Providers to, the Firm will in fact be or continue at any time to be directors or employed by or made available to the Firm, including that any such directors or personnel will not be removed, terminated, quit or resign.

In the event of a departure of a key Shared Employee from the Shared Service Providers, there is no guarantee that such employee will not also resign from its employment with the Firm, and there can be no guarantee that the Shared Service Providers would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the ability of the Firm to perform its obligations. If key personnel of the Shared Service Providers were to depart and the Shared Service Providers were unable to recruit individuals with similar experience and of a similar caliber, the Shared Service Providers might not be able to provide services to the requisite level expected or required by the Firm. This would have a material adverse effect on the ability of the Firm to perform its obligations and, hence, on the performance of the CFOs and other client accounts.

The Shared Service Providers also provide a number of services to the Firm under the Shared Services Agreement which are essential to the success of the Firm and its clients, including the CFOs and Internal SPVs. If such services were no longer for any reason provided or able to be provided, this would have a material and adverse effect on the ability of the Firm to perform its obligations and, hence, on the performance of the CFOs and other client accounts.

The Firm may resign or be removed for cause and there can be no assurance that any successor investment manager will have the same level of skill as the Firm in performing the obligations of the Firm. Furthermore,

upon the resignation or removal of the Firm as investment manager, the Shared Service Providers will have no obligations or duties, fiduciary or otherwise, to provide services under the Shared Services Agreement and the Firm's former clients will no longer benefit from the provision to the Firm of the services and personnel as set forth in the Shared Services Agreement.

***Failure to Comply with the Investment Advisers Act of 1940 (the "Advisers Act") May Have an Adverse Effect on the Firm's Performance.*** The Firm is an investment adviser under the Advisers Act. As a result, the failure to comply with the requirements imposed on the Firm under the Advisers Act may have a significant adverse effect on the Firm's ability to perform its duties to its clients. The Firm's ability to perform such duties may also be adversely affected by negative publicity arising from any regulatory compliance failures or other inappropriate behavior attributed to or any other negative publicity related to the Firm, the Shared Service Providers and/or their respective personnel and affiliates (the Firm, the Shared Service Providers and such personnel and affiliates, collectively, the "***Firm Affiliates***").

***Potential Litigation and Regulatory Actions May Materially and Adversely Affect the Firm.*** The Firm Affiliates may, from time to time, be subject to third party litigation or various regulatory examinations or actions under existing laws or laws enacted in the future. Recent SEC enforcement actions and settlements involving U.S.-based private fund advisers have involved a number of issues, including undisclosed legal fee arrangements affording the applicable adviser with greater discounts than those afforded to funds or accounts advised by such adviser and the undisclosed acceleration of certain special fees. If the SEC or any other governmental authority takes issue with the practices of the Firm or any of the Firm Affiliates as they pertain to any of the foregoing, the Firm and/or any of the Firm Affiliates will be at risk for regulatory sanction. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against the Firm and/or any of the Firm Affiliates was small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the Firm's and/or any of the Firm Affiliates' reputations which may adversely affect the Firm's clients. There is also a material risk that governmental authorities in the United States and beyond will continue to adopt new laws or regulations (including tax laws or regulations), change existing laws or regulations, or enhance the interpretation or enforcement of existing laws and regulations. Any such events or changes may materially and adversely affect the Firm's and/or the Firm Affiliates' ability to operate and/or perform their duties. Such risks are often difficult or impossible to predict, avoid or mitigate in advance.

### **Conflicts of Interest**

Various potential and actual conflicts of interest may arise between and among the Firm, its clients (including the CFOs and Internal SPVs) and each of their affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

***Receipt and Permissible Use of Certain Market Information.*** The Firm and/or its affiliates will likely, from time to time, cause certain of their respective clients to invest in securities or other investment instruments that would be appropriate as obligations to be acquired by one or more of the Firm's other clients. The Firm and/or its affiliates may also have ongoing relationships with, render services to or engage in transactions, directly and/or through one or more clients, that invest: (i) in assets of a similar nature to those of one or more of the Firm's clients; and (ii) with companies whose securities or loans are acquired by one or more of the Firm's clients and may own equity or debt securities of such companies. As a result, certain principals, members, directors, officers, employees or affiliates of the Firm and its affiliates may possess information relating to issuers of investment instruments held in certain client accounts that is not known to the individuals at the Firm responsible for monitoring investments held in such accounts. Accordingly, there may be circumstances in which the Firm will be restricted from effecting purchases and/or sales of assets on behalf of one or more of its clients. At times, the Firm, in an effort to avoid such

restrictions, may elect not to receive certain information that other market participants are eligible to receive or have received.

***Differing Valuation Methodologies.*** Various of the Firm's clients may require the Firm and/or its affiliates to apply different valuation methodologies in valuing specific investments. As a result of such different methodologies, the assigned values of certain investments held in certain of the Firm's client accounts may differ from the value assigned to the same investments held by certain other Firm client accounts which, in turn, could result in different calculations of management fees for different clients holding the same investments.

***Conflicting Investments or Roles Among Clients.*** The Firm and its affiliates and their respective clients and personnel may invest, or have already invested, in securities or other financial instruments that are senior or junior to securities or financial instruments of the same issuer that are held or may be acquired by one or more Firm clients. In addition, the Firm and/or its affiliates and their respective personnel may serve as a general partner, adviser, officer, director, sponsor or manager of funds and/or entities organized to issue collateralized debt obligations secured by assets similar to investments held in certain of the Firm's client accounts. In addition, certain of the Firm's clients may, but are not required to, invest in investment vehicles managed by one or more of the Firm or its affiliates and/or the Firm may cause clients to, or Firm Affiliates may, purchase certain investments from the CFOs. The Firm recognizes that conflicts may arise under such circumstances and will endeavor to treat each of the Firm's clients fairly and equitably.

***Conflicts Regarding Investment Allocations.*** It is the policy of the Firm to allocate investment opportunities among the Firm's clients so as to not favor one client account over another. However, the Firm may be unaware of, and will not generally take into account, investments made by or opportunities presented to other affiliates of the Firm. The Firm will have no obligation to purchase, sell or exchange any security or financial instrument for one Firm client that the Firm may purchase, sell or exchange for another client if the Firm believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for such other client. There is no assurance that the Firm's clients with strategies or investment objectives that are similar will hold the same assets or perform in a similar manner.

Because of the nature of certain investment types, as well as specific client guidelines and objectives, *pro rata* allocation of investment opportunities by the Firm among its clients may not be feasible in all circumstances. Accordingly, the Firm will not prescribe one specific manner in which securities or financial instruments are allocated among its clients, and the Firm may use *pro rata*, rotational, percentage, or other allocation methods. An allocated transaction may be modified if strict adherence to an anticipated allocation may lead to impractical or undesirable results such as odd lots or *de minimis* allocations. The factors that the Firm may consider in allocating investments among its clients include, but are not limited to, (i) variations in investment objectives, (ii) variations in investment parameters and/or restrictions, (iii) other investment opportunities that may be available to one client but not another, (iv) portfolio limitations due to credit facility requirements, (v) legal, regulatory or contractual limitations or requirements, (vi) tax considerations, (vii) available cash, (viii) liquidity needs, (ix) concentration limitations relative to a particular issuer, industry, sector or geographic region, or (ix) timing considerations. In certain circumstances, the Firm may give special consideration to certain of its clients, such as new clients (including those in which the Firm and/or its affiliates or their personnel may have an interest) with a substantial amount of available cash. The investment decisions of the Firm and its affiliates may result in

different investment decisions and allocations even with respect to the Firm's clients with similar investment objectives.

***Conflicts Regarding Trade Execution.*** The Firm seeks to obtain the best execution for all orders placed with respect to any trade in a manner it believes to be in the best interests of the participating clients. In allocating brokerage business, the Firm may take into account a number of considerations, including but not limited to, (i) quality of execution, (ii) reputation, financial strength and stability, (iii) willingness to execute difficult transactions, (iv) access to underwritten offerings and secondary markets, (v) ongoing reliability, (vi) overall costs of a trade, (vii) desired timing of the transaction and size of trade, and (viii) market intelligence regarding trading activity. Although the Firm will seek competitive prices, it may not necessarily obtain the lowest price for a particular transaction.

The Firm may, in the allocation of business, take into consideration research and other brokerage services furnished to the Firm and/or its affiliates. Such services may be used by the Firm in connection with its other advisory activities or investment operations.

***Conflicts Regarding Aggregate Investment Transactions.*** Orders for investments placed at the same time for two or more of the Firm's clients may, but are not required to, be "batched" or placed as an aggregated order for execution. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will generally receive the average price with transaction costs 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 may 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. The Firm may elect not to aggregate trades. In such cases where no orders are aggregated, trades are processed in the order they are placed with the broker or counterparty selected by the Firm. As a result, certain trades in the same security or investment instrument for one client (including a client in which an affiliate of the Firm or its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client and orders placed later may 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 may not be achieved. The Firm generally will not aggregate orders with, or otherwise coordinate the purchase or sale of, investments with affiliates of the Firm.

***Conflicts Regarding Investment Decisions Among the Firm and its Affiliates.*** The Firm Affiliates may have or establish relationships with companies, including acting as sponsor, equity investor, adviser, lender or agent bank, whose equity securities or debt obligations are assets held in one or more of the Firm's client accounts, or may be considered for purchase by one or more of the Firm's clients, and may now or in the future own or seek to acquire (including, in the case of Firm Affiliates, acquisitions from clients of the Firm in certain instances), equity securities or debt obligations issued by issuers of assets held in one or more of the Firm's client accounts, and such securities or obligations may have characteristics or interests different from or adverse to assets held in such client accounts. The Firm Affiliates may buy, sell, or hold securities or other instruments for themselves and/or on behalf of one or more clients (including a client in which an affiliate of the Firm or its personnel may have a direct or indirect interest) while the Firm is making different investment decisions with respect to one or more other clients and *vice versa*.

In addition, Firm Affiliates may engage in any other business and furnish investment management and advisory services to certain of the Firm's clients, including persons that may have investment policies similar to those followed by the Firm with respect to other clients and which may own securities of the same class, or of the same type, as those owned by other clients. The Firm will be free, in its sole discretion, to make recommendations to clients, or effect transactions on behalf of itself or for others, which may be

the same as or different from those it effects or directs others to effect for other clients. Neither the Firm nor any other Firm Affiliates will be under any obligation to offer investment opportunities of which it or they become aware to any Firm client or to account to any client, CFO investor or Internal SPV investor (or share with any client, CFO investor or Internal SPV investor, or inform any of them of) any such transaction or any benefit received by them from any such transaction or to inform any Firm client, CFO investor or Internal SPV investor of any investments before offering such investments to any other Firm client(s). The Firm Affiliates may make an investment on behalf of any client that they manage or advise without offering the investment opportunity to, or making any investment on behalf of, any CFO or other Firm client. Furthermore, the Firm Affiliates may make an investment on their own behalf without offering the investment opportunity to any CFO or other Firm client or the Firm on behalf of any CFO or other Firm client. Affirmative obligations may exist or may arise in the future whereby the Firm and/or other Firm Affiliates are obligated to offer certain investments to certain Firm clients before or without the Firm offering those investments to other clients, CFO investors or Internal SPV investors. The Firm may make investments on behalf of certain of its clients in securities, or other assets, that it has declined to invest in for its own account, the account of any other Firm Affiliates or the account of any other Firm client. The Firm will endeavor to resolve conflicts arising therefrom in a manner that it deems equitable to the extent possible under the prevailing facts and circumstances and applicable law.

***Conflicts Regarding Time Commitments.*** Although the Firm and the personnel available to it will devote as much time to each of the Firm's clients as the Firm deems appropriate to perform its duties in accordance with the applicable investment management agreement and in accordance with reasonable commercial standards, such personnel may have conflicts in allocating time and services among the Firm's clients.

***Conflicts Regarding Other Activities of the Firm Affiliates.*** There is no limitation or restriction on the Firm Affiliates with regard to acting as investment manager to multiple client accounts. This and other future activities of the Firm Affiliates may give rise to additional conflicts of interest and/or intensify the conflicts of interest already described in this brochure.

***Limited Ethical Screens or Information Barriers.*** The Firm and other Firm Affiliates currently share a principal place of business, and certain of the same principals, members, directors, officers and employees. The Firm and such other Firm Affiliates have endeavored to put into place ethical and information barriers among the Firm and such other Firm Affiliates of the type that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. Nevertheless, if the Firm Affiliates, including any of their personnel, were to receive material non-public information about an issuer of a security, the Firm might be prevented from causing the purchase or sale of such security or another investment instrument due to internal restrictions imposed on the Firm. Notwithstanding the maintenance of certain internal controls relating to the management of material non-public information, it is possible that such controls could fail and result in the Firm, or one of its investment professionals, buying or selling a security or other investment instrument while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the Firm's reputation and/or result in the imposition of regulatory or financial sanctions on the Firm, its affiliates, its personnel and/or one or more of the Firm's clients and, as a consequence, negatively impact the Firm's ability to perform its investment management services for the Firm's clients.

***Certain Conflicts of Interest Involving the Shared Service Providers under the Shared Services Agreement.*** Certain of the potential and actual conflicts of interest described above with respect to the Firm may also apply to the Shared Service Providers. Investments by certain of the Firm Affiliates in CFO Equity ("***Firm Investments***") may give the Firm an incentive to take actions that vary from the interests of the holders of other Offered Securities. The Firm Affiliates will act in their own interests with respect to the

Firm Investments and such interests may conflict with, or be adverse to, the interests of such other holders. Furthermore, certain Shared Service Providers or affiliates or agents thereof may have an interest, as investment manager or otherwise, in one or more other Firm clients. In addition, certain members, directors, officers and employees of the Shared Service Providers and/or their affiliates are permitted to own, buy and/or sell interests in other Firm clients. Accordingly, the Shared Service Providers and/or their affiliates and employees may have a substantial interest in certain of the other accounts managed by the Shared Service Providers.

Although the CFOs' activities and those related to other client accounts are directed by the Firm, the Firm will depend on the Shared Service providers to provide services to the Firm under the Shared Services Agreement. Consequently, while the success of the CFOs and other clients will depend, in large part, on the skill and expertise of the Firm's investment professionals to whom the task of managing investments or the provision of any related services has been assigned, the Firm's ability to do so will depend in part on the arrangements agreed upon with the Shared Service Providers in the Shared Services Agreement. Servicing arrangements between such investment professionals and the Firm may exist, but the CFOs and other Firm clients will not be direct beneficiaries of such arrangements, which arrangements are, in any event, subject to change without notice to, or the consent of, the CFOs.

The Shared Service Providers provide certain services to the Firm under the Shared Services Agreement, such as credit and market research, investment advice, investment management services and operational assistance. The Shared Service Providers are currently the only providers to the Firm of such services and the Shared Employees are expected to continue to devote only such time as is reasonably necessary to uphold their duties to the Firm as set forth in the Shared Services Agreement. The Shared Service Providers are not party to any investment management agreement between the Firm and any client, or any indenture related to any CFO, and thus are under no duty, fiduciary or otherwise, to any CFO, any other Firm client or any holder of Offered Securities or investor in an Internal Fund.

Investment professionals associated with the Shared Service Providers are actively involved in other investment activities not concerning the CFOs or other Firm clients and will not devote all of their professional time to the affairs of the Firm on behalf of the CFOs and other Firm clients. Any such investment professionals may cease to be associated with the Shared Service Providers after the date hereof. In addition, individuals not currently associated with the Shared Service Providers or the Firm may become associated with the Shared Service Providers.

### **Other Potential Conflicts of Interest**

Firm Affiliates may, in the future, provide other services to the Firm's clients and/or may receive fees from them in other capacities. Other present and future activities of the Firm Affiliates may give rise to additional conflicts of interest.

***Lack of Diversification.*** The Firm's client accounts will be limited in the types of investments the Firm acquires on their behalf. Such lack of diversification could increase volatility.

***Concentrated Portfolio.*** The CFOs and Internal SPV only have a limited number of investments. Because investments in private investment funds and similar investments involve a high degree of risk, poor performance by a few of the private investment funds or such similar investments in which a CFO or Internal SPV is invested could severely affect the total returns to investors in such CFO or Internal SPV.

***Long Term Commitment.*** Capital commitment obligations to the Internal SPVs will be outstanding for a number of months, and capital and profits, if any, from an Internal SPV's investments may not be realized

until the redemption, repayment or other disposition of such investment. The Internal SPVs will generally expect to hold or remain committed with respect to an investment for a number of years.

***Execution Risks and Investment Manager Error.*** The execution of the investment strategies employed by the Firm will often require complex transactions and the use of negotiated terms with counterparties. In each case, the Firm will seek to negotiate and close transactions without miscommunication or other error. However, in light of the complexity involved, some miscommunications and other errors are inevitable and could result in losses to the Firm's clients.

***No Assurance of Investment Return.*** There is no assurance that the Firm will be able to generate returns for its clients or that the returns will be commensurate with the risks of investing in the type of investments pursued by the Firm's clients. An investment in a CFO or Internal SPV should only be considered by persons who can afford a loss of their entire investment.

***Cybersecurity.*** The Firm, as well as service providers to the Firm and/or its clients, store and transmit large amounts of electronic information, including information relating to the Firm's clients' transactions, CFO investors and Internal SPV investors. The computer systems, networks and devices used by the Firm and service providers to the Firm and/or its clients to carry out routine business operations employ a variety of protections that the Firm believes are reasonably designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. The Firm's clients, investors in the CFOs and/or investors in the Internal SPVs could be negatively impacted as a result of a cybersecurity breach, including but not limited to, (a) disruptions to business operations, (b) interference with the ability to calculate the value of assets in client portfolios, (c) impediments to trading, and (d) the inability to transact business. Similarly, adverse consequences could result from cybersecurity breaches affecting (w) issuers of securities or other investment instruments in which the Firm's clients invest, (x) counterparties with which our clients engage in transactions, (y) governmental and other regulatory authorities, and (z) exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions.

***Clients May be Subject to Third Party Litigation; the CFOs and Internal SPVs Have Limited Funds Available to Pay Expenses.*** The investment activities by the Firm on behalf of its clients may subject such clients to the risks of becoming involved in litigation by third parties. This risk may be greater where the Firm, on behalf of one or more clients, exercises control or significant influence over a company's direction. The expense of defending claims against a client by third parties, including involuntary bankruptcy petitions, and paying any amounts pursuant to settlements or judgments would, except in the unlikely event that a client is indemnified for such amounts, be borne by such client and, in the case of a CFO or Internal SPV, would reduce the funds available for distribution.

The funds available to the CFOs and Internal SPVs to pay certain fees and expenses will be limited. In the event that such funds are not sufficient to pay the expenses incurred by the CFOs or Internal SPVs, the ability of the CFOs or Internal SPVs to operate effectively may be impaired, and the CFOs or Internal SPVs may not be able to defend or prosecute legal proceedings that may be brought against them or that they might otherwise bring to protect the interests of the CFOs or Internal SPVs. In addition, service providers who are not paid in full have the right to resign. This could lead to the CFOs organized in the Cayman Islands being struck from the register of companies and dissolved.

***Financial Markets and Regulatory Change.*** The laws and regulations affecting businesses in general continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Firm’s clients’ activities can change quickly and unpredictably, and may at any time be amended, modified, repealed, or replaced in a manner adverse to the interests of the Firm’s clients. The Firm, its affiliates and/or the Firm’s clients may be, or may become, subject to unduly burdensome and restrictive regulation. In particular, in response to significant recent events in international financial markets, governmental intervention and certain regulatory measures have been or may be adopted in certain jurisdictions. The extent to which the underlying causes of these recent events are pervasive throughout global financial markets and have the potential to cause further instability is not yet clear. These recent events, and their underlying causes, are likely to continue to be the catalyst for changes in global financial regulation for some time, and may result in major and unavoidable losses to the Firm’s clients.

Additional regulations or new requirements may emerge from the activities of various regulatory entities, including the Federal Reserve Board, Federal Insurance Office, Financial Stability Oversight Council, the National Association of Insurance Commissioners “**NAIC**”), and the International Association of Insurance Supervisors, that are evaluating solvency and capital standards for insurance company groups. In addition, the NAIC has adopted amendments to its model holding company law that have been adopted by some jurisdictions. The outcome of these actions is uncertain; however, these actions may result in an increase in the level of capital and liquidity required by insurance holding companies. Investors who are subject to regulation by such regulatory bodies should consider the potential impact of such oversight on their investment in the Offered Securities.

***Characterization of the Offered Securities for Legal Investment, Regulatory, Accounting and Financial Reporting Purposes.*** No representation is made as to the proper characterization of the Offered Securities for legal investment, financial institution regulatory, insurance regulatory, accounting, financial reporting or other purposes, as to the ability of particular investors to purchase the Offered Securities under applicable legal investment or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. Certain regulatory, accounting, financial reporting or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire the Offered Securities, which in turn may adversely affect the ability of investors in the Offered Securities who are not subject to those provisions to resell their Offered Securities in the secondary market. For example, the Statutory Accounting Principles Working Group of the NAIC has recently proposed certain regulatory changes that would, if adopted, have the effect of treating the Offered Securities as equity securities for purposes of regulatory capital calculations for regulated insurance companies. Such proposed change remains subject to discussion and comment not only among regulators but interested parties such as insurance companies, and even after considering feedback from these constituencies, the proposal would have to advance through other bodies within the NAIC, a process whose timing is uncertain. During this process, the proposal is subject to revision. As a result, there can be no assurances as to when or if the proposal will be adopted, nor as to its effects on the investors regulated by the NAIC. If adopted in its current form, such proposed change could have a material adverse effect upon the liquidity of the Offered Securities insofar as insurance company purchasers are involved as well as a material adverse effect on the regulatory capital treatment of the Offered Securities for insurance companies. It is likely that the proposed change, if adopted, would be applicable to insurance company holders of Offered Securities at the time of such adoption (*i.e.*, holders would not be exempt due to a “grandfathering” mechanic).

***SEC Private Fund Rules.*** In August 2023, the SEC adopted new rules and amendments (collectively, the “**Private Fund Rules**”) to existing rules under the Advisers Act applicable to registered advisers and their activities with respect to certain private funds. In particular, the Private Fund Rules: (i) increase reporting requirements by private funds to investors concerning performance, fees and expenses; (ii) require registered advisers to private funds to obtain an annual audit for private fund clients and require the fund’s



auditor to notify the SEC upon the occurrence of certain material events; (iii) enhance requirements in connection with adviser-led secondary transactions with respect to private fund clients (also known as GP-led secondaries), including an obligation to obtain a fairness opinion and make certain disclosures; (iv) prohibit private fund advisers from engaging in certain practices with respect to their private fund clients; and (v) impose limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with the private fund adviser.

The Private Fund Rules are currently subject to a challenge filed in the U.S. Court of Appeals for the Fifth Circuit, which could result in an invalidation of some or all of the Private Fund Rules. However, if fully implemented, whether with or without modifications, the Private Fund Rules are likely to have a significant impact on private fund advisers (including the Firm) and their operations, including increasing compliance burdens and associated regulatory costs, requiring changes to fund documents, operations and practices, and enhancing the risk of regulatory action, including public regulatory sanctions. Further, the Private Fund Rules also could significantly increase the cost of insurance, specifically D&O and E&O insurance, or may make such insurance coverage unavailable.

***Political, Economic and Other Conditions.*** The Firm's clients' investments may be adversely affected by changes in economic conditions or political events that are beyond the Firm's control. For example, a stock market break, continued threats of terrorism, the outbreak of hostilities involving the United States or any other jurisdiction in which the Firm's clients invest, the outbreak of other global hostilities in jurisdictions in which the Firm's clients do not invest (including the current situation involving Russia and Ukraine), the death of a major political figure, or the overthrow or replacement of a current ruling body may have significant adverse effects on the Firm's clients' investment results. Additionally, a serious pandemic, such as avian influenza, or a natural disaster, such as a hurricane, could severely disrupt the global, national, and/or regional economies and/or markets. Other factors, such as changes in U.S. or non-U.S. tax laws, U.S. or non-U.S. securities laws, bank regulatory policies, or accounting standards, may make corporate financings less desirable. Similarly, legislative acts, rulemaking, adjudicatory, or other activities of the United States Congress, the SEC, the Federal Reserve Board, the New York Stock Exchange, the Financial Industry Regulatory Authority or other U.S. or non-U.S. governmental or quasi-governmental bodies, agencies, and regulatory organizations may make the business of the Firm's clients less attractive. A negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, and cause credit spreads to widen, each of which could have an adverse effect on the investment performance.

***Current Bank Failures and Health of the Banking Industry.*** On March 10, 2023, the California Department of Financial Protection and Innovation closed Silicon Valley Bank and appointed the Federal Deposit Insurance Corporation ("**FDIC**") as receiver following a major outflow of deposits from Silicon Valley Bank and its failure to raise new capital. On March 12, 2023, the New York State Department of Finance closed Signature Bank and appointed the FDIC as receiver after its customers withdrew more than \$10 billion in deposits at the bank. The failure of such banks has resulted in significant concern regarding the health of other banking institutions and the ability of such institutions to withstand the economic conditions posed by rapidly increasing interest rates, including a decline in value of securities and loan portfolios, and it is unclear if there will be additional bank failures. To the extent there is a failure of a bank at which a client's assets are maintained, such failure could result in a delay in deploying and using assets in such client's accounts at that bank which could have an impact on the Firm's ability to engage in recommended transactions for clients.

***Natural Disasters; Epidemics and Pandemics.*** A natural disaster, such as an earthquake, a hurricane, a tsunami or widespread fires, or an outbreak of epidemic, pandemic, or contagious diseases, such as the novel coronavirus (SARS-CoV 2) and related respiratory disease ("**COVID-19**") pandemic, and past

outbreaks such as the Ebola virus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, or the H1N1 virus, could severely disrupt the global, national, and/or regional economies and/or markets.

In particular, in late 2019, an outbreak of COVID-19 occurred and has spread rapidly across the world. This outbreak has led, and for an unknown period of time will likely continue to lead, to disruptions in local, regional, national and global markets and economies affected thereby. With respect to the U.S. financial markets, this outbreak has resulted in, and until fully resolved is likely to continue to result in, the following, among other things: (i) government imposition of various forms of “stay at home” orders and the closing of “non-essential” businesses, resulting in significant disruption to the businesses of many companies, including supply chains, demand and practical aspects of their operations, as well as in lay-offs of employees, and, while these effects are hoped to be temporary, some effects could reoccur from time to time, be persistent, or even be permanent; (ii) increased draws by borrowers on revolving lines of credit; (iii) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iv) volatility and disruption of these markets including greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues; and (v) rapidly evolving proposals and/or actions by local, state and federal governments to address problems being experienced by the markets and by businesses and the economy in general, which will not necessarily adequately address the problems facing the loan market and businesses broadly. This outbreak is having, and any future outbreaks could have, an adverse impact on the markets and the economy in general, which could have a material adverse impact on the Firm’s clients, CFO investors and Internal SPV investors. Additionally, variations of the SARS-CoV 2 virus could increase the rate at which the virus spreads and hamper vaccination efforts, leading to increased economic disruption. As of the date of this firm brochure, it is impossible to determine the scope of this outbreak, or any future outbreaks, how long any such outbreak, market disruption or uncertainties will last, the effect any governmental actions will have or the full potential impact on the Firm or its investment strategies, including the Firm’s ability to make investments similar to those it has made in the past.

Subsequent “waves” of COVID-19 have occurred in the United States and could recur in the future, with new strains of the virus continuing to be identified. It is unclear whether the mitigation or containment measures taken by various governments (including at the federal, state and local level) or private enterprises will be continued or re-implemented, or if different measures will be implemented, and what impact such measures will have on the national or global economy. There can be no assurance that countries that appear to have passed the peak of the COVID-19 impact will not experience a resurgence. Moreover, there are certain parts of the world that are continuing to see an increase in the number of cases.

***Risks from Climate Change.*** A Firm client may invest, directly and/or indirectly, in portfolio investments located in communities where its businesses, and the activities of its clients and customers, could be disrupted by climate change. Potential physical risks from climate change may include (among other things) altered distribution and intensity of rainfall, prolonged droughts or flooding, increased frequency of wildfires, extreme weather changes, rising sea levels and a rising heat index. In addition, these physical changes may prompt changes in regulations or consumer preferences which in turn could have negative consequences for the business models of client portfolio investments. These climate driven changes could have a negative impact on the economy, and business activity in any of the locations in which a portfolio may invest and thereby adversely affect the performance of a client’s portfolio investments.

***Cessation of LIBOR.*** On March 5, 2021, the United Kingdom Financial Conduct Authority (“FCA”) announced that the ICE Benchmark Administration Limited (the “IBA”), the administrator for LIBOR, would cease the publication of the LIBOR settings for one-week and two-month USD LIBOR tenors

immediately following the LIBOR publication on December 31, 2021, and of all other USD LIBOR settings (including one-month, three-month and six-month USD LIBORs) immediately following the LIBOR publication on June 30, 2023 (the “**Announcement**”). Concurrent with the Announcement, the Federal Reserve Board, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Cooperation released a statement that (i) encouraged banks to cease entering into new contracts that use USD LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021, (ii) indicated that new contracts should either utilize a reference rate other than USD LIBOR or have robust fallback language that includes a clearly defined alternative reference rate after the discontinuation of USD LIBOR and (iii) explained that extending the publication of certain USD LIBOR tenors until June 30, 2023 would allow most legacy USD LIBOR contracts to mature before LIBOR begins experiencing disruptions.

On March 8, 2021, the Alternative Reference Rates Committee (“**ARRC**”) confirmed that in its opinion the Announcement constitutes a “benchmark transition event” with respect to all USD LIBOR settings pursuant to the ARRC recommendations.

There can be no assurance that LIBOR will not be discontinued, and alternative reference rates have been developed and to some extent adopted by the market.

On April 3, 2018, the New York Federal Reserve Bank (“**FRBNY**”) began publishing its alternative rate, the Secured Overnight Financing Rate (“**SOFR**”). SOFR significantly differs from LIBOR, both in the actual rate and how it is calculated, and therefore it is unclear whether and when markets will adopt SOFR as a widely accepted replacement for LIBOR. The ARRC, convened by the Federal Reserve Board and the Federal Reserve Bank of New York, identified SOFR as “the rate that represents best practices for use in certain new USD derivatives and other financial contracts,” representing the ARRC’s preferred alternative to USD LIBOR. Additionally, there are a range of other proposed alternative reference rates.

On March 15, 2022, the President of the United States signed the Adjustable Interest Rate (LIBOR) Act (the “**LIBOR Act**”) into law. The LIBOR Act addresses covered contracts in all states and territories in the United States that have no or ineffective LIBOR fallback language. On the date the relevant USD LIBOR tenor ceases to be published or is announced to no longer be representative, the USD LIBOR tenor of such contract will be replaced with a spread-adjusted, SOFR-based rate to be recommended by the Federal Reserve Board. The LIBOR Act further provides a safe harbor from liability for the parties that have the right to select and use a recommended benchmark replacement. The parties to the contracts covered by the legislation are not precluded from amending such contract to choose a different rate than the recommended benchmark replacement. The LIBOR Act preempts any other state LIBOR transition laws that are or may in the future be put into effect.

On July 29, 2021, the ARRC formally announced and recommended Term SOFR as an alternative reference rate to LIBOR for syndicated and bilateral business loans. CME Group currently publishes Term SOFR in one-month, three-month and six-month tenors.

Now that the deadline set forth in the Announcement has passed, it is expected that investments or other assets to which the Firm’s clients have exposure will have migrated away from LIBOR (to the extent previously applicable) or otherwise rely on a benchmark rate other than LIBOR. There can be no assurance that any replacement to LIBOR will gain wide market acceptance, nor whether SOFR alternatives develop, in the aggregate, substantial market acceptance. Neither can there be any assurance that such replacements and alternatives will represent an improvement over LIBOR in its current (or modified) form. Changes to presently accepted global benchmarks going forward could adversely affect the value and liquidity of the investments of the Firm’s clients, or could cause an absence of available investments until an alternative global benchmark gains general market acceptance. In addition, an increase in alternative types of financing

at the expense of LIBOR-based corporate loans may have a material adverse effect on the market value of the investments of the Firm's clients which in turn could have a material adverse effect on the Firm's ability to achieve its clients' investment objectives. The market transition away from LIBOR and other current reference rates to alternative reference rates is complex, and could have a range of adverse impacts on the Firm's and/or its clients'.

***Potential Impact of Brexit.*** The United Kingdom ("UK") officially withdrew from the European Union ("EU") on January 31, 2020 at 11:00 p.m. GMT, ("***Brexit***"). On December 24, 2020, a trade agreement was concluded between the EU and the United Kingdom (the "***EU-UK Trade and Cooperation Agreement***"), which came into effect on May 1, 2021. Although the EU-UK Trade and Cooperation Agreement covers many issues such as economic partnership / free trade, law enforcement / judicial co-operation and governance, the EU-UK Trade and Cooperation Agreement is silent on items such as financial services equivalence and data protection adequacy. Brexit has led to volatility in global financial markets, in particular those of the United Kingdom and across the EU, and the weakening in political, regulatory, consumer, corporate and financial confidence in the United Kingdom and the EU. Given the size and importance of the United Kingdom's economy, uncertainty or unpredictability about its legal, political and/or economic relationships with the EU has been, and may continue to be, a source of instability and could lead to significant currency fluctuations and other adverse effects on international markets and international trade despite the EU-UK Trade and Cooperation Agreement.

The results of these events may significantly impact the volatility, liquidity and/or market value of securities and other financial instruments, including the Offered Securities. These uncertainties could also have a material adverse effect on the business, financial condition, results of operations and prospects of the obligors or underlying obligors of investments held by a CFO, and therefore their ability to make the payments due under the collateral obligations, which would affect the CFO's ability to make payments on the Offered Securities. In addition, it is unclear what the full consequences of the United Kingdom's withdrawal from the EU and the subsequent application of the EU-UK Trade and Cooperation Agreement will ultimately be for CFOs or any other transaction party as a result of Brexit. To the extent that a Firm client or any other transaction party has exposure to UK or European markets or to transactions tied to the value of the pound sterling or euro, these events could negatively affect the value and liquidity of a Firm client's investments.

***Competition; Availability of Investments.*** The Firm may be unable to find a sufficient number of attractive opportunities to meet the Firm's clients' investment objectives or fully invest their assets and/or committed capital. Among other factors, competition for suitable investments from investment funds and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of private funds and managed accounts organized to make investments similar or identical to the Firm's clients' investments, which may result in increased competition to the Firm's clients in obtaining suitable investments. There can be no assurance that the Firm will be able to identify or successfully pursue attractive investment opportunities in such an environment.

***Combination or "Layering" of Multiple Risks May Significantly Increase Risk of Loss.*** Although the various risks discussed in this brochure are generally described separately, the potential effects of the interplay of multiple risk factors should be considered. Where more than one significant risk factor is present, the risk of loss to a Firm client, CFO investor or Internal SPV investor may be significantly increased.

### **C. Material Risks of Securities Used in Investment Strategies**

The following summary identifies the material risks related to certain types of investments expected to be made for the Firm's clients, but does not intend to identify all possible investments that may be made or all possible risks related to such investments. Further details regarding these risks and other applicable other risk factors may be included in the offering documents of the CFOs and Internal SPVs for which the Firm performs investment advisory and/or management services or in the advisory agreement or other documentation furnished to other clients. Clients and investors in the CFOs and Internal SPVs are advised to carefully review all risk factors described in such documents. The following is not intended to supersede the material contained in such documents.

#### **General Investment Risks**

***Certain Third Parties May Take Positions Adverse to a Client.*** The Firm may, from time to time, consult with, receive input from, and provide information to, third parties in respect of obligations being considered for acquisition by one or more of the Firm's clients. Some of those same third parties may have interests adverse to the Firm's clients and may take a short position (for example, by buying protection under a credit default swap) relating to any such obligations or other financial instruments.

***Negative Impact on CFO Investment Portfolio May Affect the Ability of the CFOs to Make Payments.*** A negative impact on the investment portfolio of a CFO may impair the CFO's ability to pay in full, redeem or make distributions (including the timing and/or amount) in respect of the Offered Securities. Accordingly, the risks described in this brochure may apply not only to the CFOs' portfolios, but by extension, the Offered Securities as well including, but not limited to, adversely impacting the return on and/or liquidity of the Offered Securities.

#### **Risks Relating to an Investment in a CFO or Internal SPV**

***No Material Assets or Operating History.*** Each CFO will be a recently formed entity with no significant operating history. Each CFO will hold interests (the "***CFO SPV Interests***") in an underlying investment vehicle (each a "***CFO SPV***" and, collectively with the Internal SPVs, the "***SPVs***" and each an "***SPV***") which will also be recently formed and whose operating history will be limited to the acquisition of a portfolio of investments ("***Fund Investments***") in pooled investment vehicles and related investments (collectively, "***Funds***") and owning the Fund Investments thereafter. Likewise, Internal SPVs will be invested in various Funds. Each CFO is expected to have no material assets other than its interests in a CFO SPV, and the CFO SPVs and Internal SPVs will have no material assets other than the Fund Investments. No CFO will be permitted to engage in any business or activity other than the issuance and sale of Offered Securities that will be acquired by CFO investors, ownership of a CFO SPV, certain activities conducted in connection with the payment of amounts in respect of the Offered Securities, and other activities incidental or related to the foregoing. No SPV is expected to be permitted to engage in any business or activity other than the execution, delivery and performance of certain agreements related to its primary business activities, acquisition and disposition of, and investment and reinvestment in, Fund Investments, the management of the Fund Investments and other activities incidental or related to the foregoing. Distributions from the Fund Investments will be the principal source of cash for the CFOs and SPVs.

***Absence of Regulatory Oversight.*** While the CFOs and Internal SPVs for which the Firm performs or will perform investment advisory and/or management services may be considered similar to investment companies, no CFO or Internal SPV will be required to, nor will it, register as an investment company under the Investment Company Act or the laws of any jurisdiction and, accordingly, the provisions of such statutes (which may provide certain regulatory safeguards to investors) will not be applicable.

**No Ability to Make Decisions.** Investors in CFOs and Internal SPVs will have no authority to make investment decisions on behalf of the CFO or Internal SPV.

**Resignation or Removal of the Firm; Successor Manager.** The Firm, in its capacity as the investment manager of each CFO or Internal SPV, may resign or be removed in certain circumstances. There can be no assurance that any successor to the Firm upon the resignation or removal of the Firm will have the same level of skill in performing the obligations of the Firm, which could have a material adverse effect on a CFO or Internal SPV.

**Illiquidity of Interests.** Investment in a CFO or Internal SPV requires a long-term commitment, with no certainty of return. Investors may not be able to liquidate their investments prior to the end of a CFO's or Internal SPV's term. An investment in a CFO or Internal SPV is suitable only for certain sophisticated investors who have no need for liquidity in their investment in the CFO or Internal SPV.

**CFO SPVs May Have Substantial Liquidity Requirements.** CFO SPVs, as the owners of Fund Investments, will have obligations under the applicable Fund documents to satisfy capital calls and otherwise make certain payments to the Funds. However, no CFO SPV is expected to retain any significant amount of cash in its accounts, and instead may be obliged to make a capital call on the CFO to obtain funds necessary to satisfy Fund Investment capital calls. If the CFO is unable to fund a CFO SPV capital call, the CFO SPV may not be able to satisfy the corresponding Fund Investment capital call, which may have a material adverse effect on the Fund Investments, the CFO SPV and the CFO.

Distributions on the Fund Investments will be inherently uncertain. In addition to funding CFO SPV capital calls, CFOs will have an obligation to make certain payments in connection with the Offered Securities. In order to have funds sufficient to satisfy CFO SPV capital calls, make CFO Note payments and pay fees and other expenses, the CFOs are expected to enter into a loan facility to be drawn on if necessary. There can be no assurance that the conditions to drawing on such facility will be satisfied. If a loan is not made (whether as a result of a failure to satisfy such conditions or otherwise), the CFO could lack sufficient liquidity to pay, among other things, SPV capital calls and administrative expenses and interest on the Offered Securities.

**The Transfer of the Initial Fund Investments to CFO SPVs or the Sale and Transfer of the CFO SPV Interests to the CFO Could be Recharacterized as a Pledge.** If the transferor (the "**Transferor**") of the Fund Investments were to become a debtor under the U.S. Bankruptcy Code (the "**Bankruptcy Code**"), a party in interest might take the position that the transfer of either the Fund Investments or the CFO SPV Interests does not constitute a "true sale" or "absolute transfer," but rather, a pledge of such property to secure a "loan" made to the Transferor. The effect of any such recharacterization, if upheld, would be that the CFO would be a creditor of the Transferor, secured by the applicable Fund Investments or CFO SPV Interests, and the CFO could be subject to significant delays in obtaining payments under such CFO SPV Investments or could be subject to limitations on the exercise of remedies. In addition, other collateral might be substituted for the CFO SPV Investments or the CFO SPV Interests and the maturity, payment terms and interest rate on the Offered Securities could be modified by the court in connection with an insolvency or receivership process.

**The CFO or CFO SPV could be Subject to Insolvency Proceedings.** Certain restrictions are expected to be imposed on the CFOs, CFO SPVs and certain other parties that are intended to reduce the risk of an insolvency proceeding involving the CFOs or CFO SPVs. However, there can be no assurance that insolvency proceedings involving a CFO or CFO SPV would not occur. No assurance can be given that insolvency proceedings involving the Transferor would not lead to insolvency proceedings of a CFO or CFO SPV. In such event, or if an attempt were made to litigate any of the foregoing issues, delays in

distributions on the Notes, possible reductions in the amount payable on the Notes, and limitations (including a stay) on the exercise of remedies against a CFO and CFO SPV could occur.

### **Risks Relating to the Fund Investments**

The following summary identifies the material risks related to investments in private investments funds in which CFO SPVs and Internal SPVs may invest. Such risks also pertain to investments in the Internal SPVs.

***Investing in Private Equity has Inherent Risks.*** Private equity and similar investments involve a high degree of risk. Private equity investments, such as the Fund Investments, typically do not generate a determinable and scheduled stream of income and the level of distributions thereon is extremely uncertain. Most Funds have a term specified in their governing documents (the “**Fund Documents**”), setting a date by which the Funds are expected to have liquidated their investments and returned available proceeds to their investors. However, the Fund Documents for most Funds permit the Fund’s manager (each a “**Fund Manager**”) to extend the contractual term, and there may be few or no limitations on a Fund Manager’s discretion to do so. In addition, sometimes the life of a Fund will extend past the contractual term and any applicable extensions if the Fund has not liquidated all its assets and made all distributions as of such date. Therefore, although a Fund may have an expected or targeted term, there is no certainty as to the actual term. It is also possible that one or more Funds may hold investments (each a “**Portfolio Investment**”) that cannot be advantageously disposed of prior to the date that the Fund will be dissolved. In such event, the Fund may have to sell, distribute, or otherwise dispose of Portfolio Investments at a disadvantageous time as a result of dissolution. In addition, Funds that are co-investment vehicles may only have one investment and may not have a formal term. The Funds in which SPVs are expected to own interests may hold private equity securities or related income-oriented investments, which are not typically debt investments or other investments which by their terms convert to cash in a finite period of time. Such Funds generally expect to realize a profit on a Portfolio Investment upon the sale of such Portfolio Investment (whether through an initial public offering of the company invested in (the “**Portfolio Company**”) or in a privately negotiated sale of the Portfolio Company or assets), or through distributions of income over substantial periods of time. As a result, the Fund Investments will represent long-term investments that generally will not be expected to generate an investment return for a number of years and, consequently, the timing of cash distributions to SPVs and the CFOs from the Fund Investments may be uncertain and unpredictable. The success or failure of any investment in a Fund depends largely on the ability of its Fund Manager to choose, develop and realize appropriate Portfolio Investments. Funds may have limited or no operational history, may have no established track record in achieving their investment objectives and may be wholly unregulated investment vehicles. Funds may also invest in highly leveraged companies or in securities of companies or assets that are highly illiquid. As a result of the high degree of risk associated with private equity investments such as the Fund Investments, there can be no assurance that the Fund Investments will generate sufficient amounts to repay the Offered Securities. Furthermore, some or all of the Fund Investments may decline in value, which could result in a decrease in the value of the Offered Securities.

***Enhanced Scrutiny and Potential Regulation of the Private Investment Fund Industry.*** A Fund’s ability to achieve its investment objectives, as well as the ability of a Fund to conduct its operations, is based in part on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect a Fund’s ability to achieve its investment objectives, as well as the ability of the Fund to conduct its operations. A Fund Manager may be subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations in the jurisdictions in which it operates around the world. These authorities have regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Many of these regulators, including U.S. and foreign government agencies and self-regulatory organizations, as well as state securities

commissions in the United States, are also empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel, changes in policies, procedures or disclosure or other sanctions, including censure, the issuance of cease-and-desist orders, the suspension or expulsion of an investment adviser from registration or memberships or the commencement of a civil or criminal lawsuit against a Fund Manager or its personnel. There have been significant legislative and regulatory developments affecting the regulation of the alternative asset management industry.

***The Fund Investments Will Be Highly Illiquid; Absence of Regulatory Oversight.*** The Fund Investments are expected to be highly illiquid. No Fund Investment is expected to be registered under U.S. federal or state securities laws, and so will be subject to restrictions on transfer contained in such laws. In addition, none of the Funds are expected to be registered under the Investment Company Act, so the protections under the Investment Company Act are not available to investors. Furthermore, a holder of a Fund Investment, including an SPV, is generally subject to additional restrictions on transfer as set forth in the underlying Fund Documents and is generally prohibited from assigning, pledging or otherwise transferring any of its Fund Investment, or withdrawing from the Fund, without the consent of the Fund Manager, which in many cases may be withheld in the Fund Manager's sole discretion. In the Fund Documents for a limited number of Fund Investments, such restrictions on transfer may also require a Fund Manager consent for a change in the ownership composition of the entity which is the holder of a Fund Investment (an "***Affected Fund Investment***"). Accordingly, a CFO may be restricted from selling Fund Investments without satisfying any such additional transfer restrictions and/or without obtaining Fund Manager consent in order to effectuate a sale of the Fund Investments. In any such cases, such transfers may be deemed null and void in accordance with the terms and conditions of the related Fund Documents. In addition, Funds may have a right of first offer to the other shareholders in the event of a transfer to a non-affiliate.

There may be no secondary market for many or all of the Fund Investments, and any such markets, to the extent they exist, are likely to be highly illiquid. In addition, the Fund Investments may also be difficult to value and any disposition of them may require a lengthy period of time to accomplish. Although there is no expectation that the Fund Investments will be sold, in the event of such a sale, as a result of the highly illiquid nature of the Fund Investments, proceeds received in respect of any sale of a Fund Investment may be substantially less than its reported net asset value ("***Reported NAV***"). Were the entire portfolio of Fund Investments sold, there can be no assurance that the aggregate sale proceeds would be equal to or greater than the aggregate amount outstanding under the Offered Securities and the Indenture.

***Calculation of Reported NAV May Not be Reliable.*** The Reported NAV of a Fund Investment will be the valuation of such Fund Investment as reported on the most recent financial reports from the respective Fund Manager. Such report may be outdated and may have been superseded by other materials or events. Annual reports issued by the Funds will typically be made available to the Fund Investors several months after year end and, accordingly, information relating to such Funds received by an SPV and CFO may be significantly outdated. There is generally no obligation on Fund Managers to report material changes in the value of the underlying portfolio of the Funds on a basis more frequent than quarterly. In particular, in the case of Funds that invest in other Funds there may be more significant delay in information reporting. Private company investments made by the Funds typically have no active trading market and their valuation may reflect the subjective determination by the Fund Managers. In addition, there is no single, uniform technique applied to the valuations reported by the different Fund Managers because each Fund Manager performs its own valuation and no one party values investments across the entire portfolio of the Fund Investments. The valuation reported by the Fund Managers may differ significantly from the values that would have been used had a ready market for the Fund Investments existed. Furthermore, the data and valuations reported by an SPV or the Firm will not be calculated, reviewed, verified or in any way sanctioned or approved by the Fund Managers. Such factors may lead to uncertainty in the accuracy of each Reported NAV. As a result, Reported NAV may be substantially different from the amount recoverable in connection with a



liquidation of the related Fund Investment or the fair market value of the Portfolio Investments that underlie such Fund Investment.

***SPVs may Receive from Fund Investments Securities or Other Property in Lieu of Cash.*** From time to time, the Funds may distribute securities to limited partners or other investors in lieu of cash. Such securities may be restricted securities that are highly illiquid and the liquidation proceeds thereof may be significantly less than the amount of cash which would have been distributed instead of such securities. An SPV will direct or cause any such securities or other non-cash investments to be paid or distributed directly to the CFO. While the Firm will attempt to dispose of or otherwise realize upon (including, without limitation, through holding until maturity or a liquidity event with respect to the underlying issuer, as applicable) such securities or other investments in a commercially reasonable manner, there may be substantial delays in such dispositions or realizations and the amounts which may be realized may be impaired, any of which may have a materially adverse effect on the CFO's ability to meet its obligations on the Offered Securities.

***SPVs may be Subject to Substantial Penalties for Failures to Satisfy Fund Investment Capital Calls.*** Generally, the Fund Documents for a Fund will provide for penalties in the event that an investor in a Fund (a "***Fund Investor***"), such as an SPV as holder of the Fund Investments, fails to meet a Fund's capital call (a "***Fund Investment Capital Call***") pursuant to such Fund Investor's capital commitment, and such penalties may be severe. There is typically a short grace period during which default interest accrues on the unpaid amount. If the default continues beyond the grace period, the Fund Investor may become subject to severe sanctions, including termination of the Fund Investor's right to participate in future investments by the related Fund, loss of its entitlement to distributions or income but not its liability for losses or partnership expenses, loss of voting rights, mandatory transfer or sale of its Fund Investment at a discount, continuing liability for interest in respect of the defaulted amount, partial or total forfeiture of the Fund Investor's Fund Investment and liability for any other rights and remedies (including legal remedies) the Fund Manager may have against the Fund Investor. Certain of the Funds may give the Fund Manager the right to proceed directly to forfeiture proceedings following notice and continuation of default by a Fund Investor, in which case the share of the defaulting Fund Investor would generally become assets of the related Fund and be divided among the Fund Manager and the remaining Fund Investors. An SPV's sole sources to satisfy Fund Investment Capital Calls with respect to the Fund Investments will be from the amounts on deposit from time to time in various accounts and proceeds of capital calls. To the extent that any Fund Investment Capital Call exceeds the amount available to an SPV under such sources of funding, such SPV will not have sufficient funds to meet such Fund Investment Capital Call. Any failure by an SPV to meet any Fund Investment Capital Call with respect to a Fund Investment may have a material adverse effect on such Fund Investment and, in the case of CFO SPVs, on the CFO's ability to make payments on the Offered Securities. In addition, any failure by another Fund investor to timely honor a capital call from the relevant Fund may result in the Fund being unable to pay its obligations when due. As a result, the Fund may be subject to significant penalties that could materially adversely affect the returns to the other Fund Investors, including any SPV.

***Funds Have Rights to Require Contributions for Indemnities and Other Purposes; SPVs may be Subject to Substantial Penalties for Failures to Satisfy Such Required Contributions.*** The Fund Documents for a Fund often contain indemnities from each Fund Investor (such as an SPV as holder of the Fund Investment) in favor of the Fund Manager and related persons such as directors, officers, employees and agents, in respect of specified or general liabilities incurred in connection with the business of the Fund or as a result of acting in the relevant capacity. To the extent that such risks are not covered by insurance, these actions could expose their Fund Investors to claims for indemnification. Such indemnities are sometimes limited to all or a portion of each Fund Investor's total capital commitment or to distributions from the Fund, but some may have no limit. Prospective investors should be aware of the risk that claims under such indemnities could result in the loss in whole or in part of an SPV's Fund Investment in any Fund. In addition,

some of the Fund Documents provide that upon the failure by a Fund Investor to meet a Fund Investment Capital Call, the Fund Manager has the right to require the non-defaulting Fund Investors (including an SPV as holder of the Fund Investment) to make additional capital contributions on a *pro rata* basis to make up the amount not paid by the defaulting Fund Investor. This provision would require the non-defaulting Fund Investors to contribute a larger share of their capital to a particular investment than they otherwise would have. However, some of the Fund Documents that contain such a provision also provide that such additional capital contributions will not individually exceed the non-defaulting Fund Investor's then unfunded capital commitment or in the aggregate increase the capital commitment of the non-defaulting Fund Investor. An SPV's sole sources to fund such indemnity and additional capital contribution obligations with respect to the Fund Investments are expected come from the amounts on deposit from time to time in various accounts and proceeds of capital calls. If an SPV fails to meet such indemnity and additional capital contribution obligations, it would be subject to sanctions similar to the sanctions described under "*SPVs may be Subject to Substantial Penalties for Failures to Satisfy Fund Investment Capital Calls*" above. Any failure by an SPV to meet any such indemnity and additional capital contribution obligations with respect to a Fund Investment may have a material adverse effect on such Fund Investment and, in the case of CFO SPVs, on the CFO's ability to make payments on the Offered Securities.

***SPVs may be Liable for Returns of Certain Distributions from Funds.*** If a Fund is otherwise unable to meet its obligations, the Fund Investors (including an SPV as holder of the Fund Investment) may, under applicable law and the Fund Documents, be obligated to return, sometimes with interest, cash distributions previously received by them to the extent such distributions are deemed to constitute a return of their capital contribution or deemed to have been wrongfully paid to them. If an SPV fails to meet such obligations, it would be subject to sanctions similar to the sanctions described under "*SPVs may be Subject to Substantial Penalties for Failures to Satisfy Fund Investment Capital Calls*" above. Any failure by an SPV to meet any such obligations with respect to a Fund Investment may have a material adverse effect on such Fund Investment and, in the case of CFO SPVs, on the CFO's ability to make payments on the Offered Securities.

***Certain Funds Contain Withdrawal or Excuse Provisions.*** Certain Funds contain provisions permitting the Fund Manager to require the withdrawal of an investor, such as an SPV, if its continued participation in the Fund would trigger adverse legal, regulatory or tax consequences or would result in extraordinary expenses being imposed on the Fund. In many cases this power is quite broad and discretionary and can be imposed on an investor which is not in default of its funding obligations.

In addition, certain funds have excuse or exclusion provisions. In some cases, the Fund Manager can require an investor be excluded from an investment. In addition, sometimes all or certain limited partners can trigger excuse rights so that they do not invest in Fund Investments which may violate law or their internal policies. If such provisions are triggered, an SPV may have a less diversified portfolio than anticipated or may have additional exposure to a particular Fund Investment. In addition, the effect of these excuse or exclusion provisions might be to deprive an SPV of an opportunity for a high return even though other investors in the relevant Fund might enjoy such a return.

***SPVs Will Have no Rights to Participate in Management of Funds or Portfolio Companies.*** The Fund Managers generally have control over the management and operation of the Funds (including, without limitation, evaluation of the relevant economic and financial information regarding the structuring, acquisition, monitoring and disposition of Portfolio Investments of the Funds). Neither an SPV, as holder of Fund Investments, nor the Firm are expected to have the right to participate in the management or operation of the Funds or the selection of, or decisions with respect to, Portfolio Investments. In some cases, an SPV may be represented on a "limited partner advisory committee" or similar body, but such committees typically have limited power to waive conflicts of interest and advise on other matters, and generally do not constitute involvement in Fund management or operations. An SPV, as holder of Fund Investments, and

the Firm are expected to have only a limited ability to monitor the investments made by the Funds, whether any Fund has engaged in additional or alternative strategies without consent or advice of any other person or whether the investment strategies and guidelines of the Funds are adhered to. Fund investors may have very limited rights to vote on matters related to the Funds. In some cases, an SPV may have been required to grant a power of attorney to the applicable Fund Manager in connection with its subscription to a Fund Investment, in which case, its ability to vote on matters affecting the related Fund may be limited. Under certain circumstances, an SPV, as holder of a Fund Investment, will have the right or obligation to vote on certain matters affecting the related Fund, in which case the Firm will exercise such vote on behalf of the SPV in accordance with the Investment Management Agreement or other governing documents. The exercise of such voting rights could result in adverse consequences to the Funds, CFO SPVs, CFOs, holders of Offered Securities or Internal SPVs. Holders of Offered Securities must rely solely on the ability of the relevant Fund Managers to operate the businesses of the Funds and to manage the Portfolio Investments held by the Funds.

***Certain Funds may Invest with Third Parties.*** A Fund may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with that of the applicable Fund, or may be in a position to take action contrary to the Fund's investment objectives. The Fund Manager will be responsible for allocating expenses between the Fund and co-investors and may have considerable latitude in doing so, and there can be no assurances that the Fund Manager will allocate such expenses in the manner most favorable to the Fund. In addition, a Fund may in certain circumstances be liable for the actions of its third-party partners or co-venturers.

***Certain Fund Investments may be Structured as Co-Investments.*** Certain Fund Investments may be structured as co-investments in a Portfolio Company in which the Fund will co-invest alongside financial, strategic or other third-party investors. Such investments will involve additional risks not present in investments where a third-party is not involved, including the possibility that (i) the co-investors may have financial difficulties resulting in a negative impact on such co-investment or may have interests or objectives that are inconsistent with those of the Fund or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives or (ii) in certain circumstances, the Fund Investment (alone or together with other co-investors) may be deemed to have a control position with respect to a Portfolio Company which could expose it to liabilities not normally associated with minority equity investments, such as additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

***Certain Investors in a Fund May Be Offered Co-Investment Opportunities.*** A Fund Manager generally may offer opportunities to co-invest alongside the applicable Fund to any person in its discretion, without any obligation to offer any co-invest opportunity to any SPV. Conflicts of interest may arise in the allocation of co-investment opportunities, and allocation decisions may be made by a Fund Manager in a manner that is not in the best interests of an SPV.

***Minority Interests.*** A Fund may make minority investments in Portfolio Companies where the Fund may not be able to protect its minority portfolio investments or to control or influence effectively the business or affairs of such entities. In such cases, the Fund will rely significantly on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Fund is not affiliated and whose interests may at times conflict with the Fund's interests. In some cases, a Fund may invest in an operating company through an investment vehicle controlled by the majority

equity holder(s). In addition, the ability to sell publicly traded stock held by the Fund may be controlled by the lead investor, not the Fund. The Fund may therefore be adversely affected by actions taken by the majority equity holder(s) of the Portfolio Companies in which it invests. There can be no assurance that meaningful minority shareholder rights will be available to a Fund or that any rights received will provide full protection of the Fund's interests.

***There Are Conflicts of Interest Involving Fund Managers.*** Certain of the Fund Managers may engage in other forms of related and unrelated activities in addition to advising the relevant Fund. A Fund Manager and its affiliates may be permitted to provide acquisition, disposition, development, management and other services to the Fund and to portfolio companies in which the Fund is invested, entitling the Fund Manager or such affiliate to fees for such services which would be in addition to any management fee and performance-based compensation to which the Fund Manager and its affiliates are entitled. Any such fees may reduce the profitability or value of the portfolio companies and therefore may reduce the value of the Fund's investments. A Fund Manager also may make investments in securities for its own account, some of which may be investments held by the Fund managed by such Fund Manager or eligible for purchase by the Fund but which are not in fact acquired by the Fund, or provide investment management services to other accounts or collective investment vehicles and may make investments that are similar or contrary to investments made by the Fund. In addition, a Fund Manager may maintain positions in the types of securities described above in its own account that were acquired by the Fund Manager prior to the existence of the Fund. Activities such as these could influence a Fund Manager's investment decisions or detract from the time a Fund Manager devotes to the affairs of the Fund. In addition, certain of the Fund Managers may seek to engage affiliated entities to furnish brokerage services to the Fund and others may themselves provide market making services, including those of counterparty in stock and over-the-counter transactions. As a result, in such instance the choice of broker, market maker or counterparty and the level of commissions or other fees paid for such services (including the size of any markup imposed by a counterparty) may not have been made at arm's length.

***Fund Manager Liability.*** A Fund general partner and Fund Manager (and their respective affiliates) will generally not be liable to the applicable Fund or its investors, including the SPVs, for conduct not constituting fraud, gross negligence or willful misconduct because provision generally will be made in the applicable Fund documents for their exculpation under such circumstances. Oftentimes a Fund general partner and Fund Manager (and their respective affiliates) will only be liable upon a final judgment of a court of competent jurisdiction, which could take a considerable amount of time.

***Investment Concentration.*** If a Fund has the ability to concentrate its investments by investing an unlimited amount of its assets in a single issuer, sector, market, industry, strategy, country, or geographic region, the overall adverse impact on the Fund of adverse movements in the value of the securities of a single issuer, sector, market, industry, strategy, country, or geographic region will be considerably greater than if the Fund were not permitted to concentrate its investments to such an extent. By concentrating in a specific issuer, sector, market, industry, strategy, country, or geographic region, a Fund will be subject to the risks of that issuer, sector, market, industry, strategy, country, or geographic region, such as rapid obsolescence of technology, sensitivity to regulatory changes, minimal barriers to entry, and sensitivity to overall market swings, and may be more susceptible to risks associated with a single economic, political, or regulatory circumstance or event than a more diverse portfolio might be.

Due to the number of Funds in which an SPV will hold Fund Interests, it is possible that it will inadvertently have excess exposure to a particular single issuer, sector, market, industry, strategy, country, or geographic region. In addition, it is possible that a number of Funds will hold Portfolio Investments in the same Portfolio Companies, including at different levels of the capital structure.

***Style Drift.*** While each Fund Manager undertakes to follow specified investment programs, it is possible that a Fund Manager could deviate from such program (*i.e.*, style drift) or fail to adhere to the Fund's investment guidelines or restrictions, and such deviation or failure could result in a loss of all or a part of a Fund's Portfolio Investments. As a consequence, an SPV could be exposed to particular markets or strategies to a greater extent than was anticipated due to resulting overlap of investment strategies among various Funds.

***The Holders of Offered Securities and Internal SPV Investors will Receive Limited Disclosure Concerning the Funds.*** The Fund Documents with respect to a Fund will contain provisions requiring Fund Investors to keep certain information concerning such Fund (including, in certain instances, such Fund's identity), its business and its financial affairs confidential. Such confidentiality provisions will not permit full disclosure of information to the holders of Offered Securities or Internal SPV investors. Consequently, a CFO and SPV, as the holder of the Fund Investments, may be in possession of financial and other information concerning the Funds that they will not be permitted to disclose to the holders of Offered Securities or Internal SPV investors, some of which may be material to the holders or such investors. In addition, none of the CFO, CFO SPV, Internal SPV or the Firm are expected to provide to the holders of Offered Securities, CFO trustee (the "***Trustee***") or Internal SPV investors financial information or other information sent to it pursuant to the Fund Documents or related documents (other than the information contained in the reports and annual financial statements of the CFO or Internal SPV) or notify the holders of Offered Securities, Trustee or Internal SPV investors or any other person of the contents of any notice received by it under any of the Fund Documents or related document, and in particular, none of the CFO, CFO SPV, Internal SPV or the Firm is expected to have any obligation to keep the holders of Offered Securities, Trustee or Internal SPV investors informed as to matters arising in relation to any Fund Investment or related document except with respect to certain limited information required to be reported under the Indenture.

***CFO Investors will be Subject to Multiple Levels of Expense.*** Each Fund has expenses and management costs that are borne directly or indirectly by investors in its Fund Investments, including a CFO SPV, irrespective of profitability. The CFOs will also be liable to pay a management fee owed to the Firm.

***Performance-Based Compensation Induces Additional Risks.*** A Fund typically provides for a performance fee or allocation to its general partner, manager or person serving in an equivalent capacity over and above a basic management fee. Performance fees or allocations could create an incentive for a Fund Manager to choose riskier or more speculative underlying investments than would otherwise be the case. In addition, because performance-based fees or allocations may be calculated on a basis that includes unrealized appreciation as well as realized gains, a Fund Manager may charge performance-based compensation on gains that will never be realized. Similarly, the Fund Manager may be allocated a profit share, which may create an incentive for the Fund Manager to allocate assets utilizing more speculative strategies than would otherwise be the case.

Performance-based fees and allocations are typically paid to a Fund Manager upon the realization by a Fund of gains on its investments. In the event investments in the Fund realized thereafter perform more poorly, the cumulative performance-based fees or allocations to be paid to the Fund Manager may be less than the amount already paid on the basis of such earlier realizations. In such a circumstance, the Fund Manager may be obligated to reimburse the Fund for such excess fees or allocations, but there can be no assurance that a Fund Manager will be able to satisfy such reimbursement obligations. In addition, any obligation to return excess fees or allocations may be on an after-tax basis.

***Risk Related to General Economic and Market Conditions.*** General economic or market conditions may adversely affect the performance of the Fund Investments. Factors affecting economic conditions,

including, for example, public market volatility, inflation rates, rising interest rates, currency devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends and innumerable other factors, none of which will be in the control of a Fund, the related Fund Manager, the Firm, a CFO or an Internal SPV, can substantially and adversely affect the business and prospects of a Fund and the Portfolio Companies in which it has invested. A general economic downturn could also result in the diminution or loss of value of the investments made by a Fund due to a number of factors, including a reduced demand for the products or services produced by a Fund's Portfolio Companies. In addition, a downturn or contraction in the economy or in the capital markets, or in certain industries or geographic regions thereof, may restrict the availability of opportunities to liquidate a Fund's investments on favorable economic terms, each of which could prevent a Fund from meeting its investment objectives. The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation. A Fund's performance can be affected by deterioration in the capital markets and by market events which, among other things, can impact the public market comparable earnings multiples used to value privately held Portfolio Companies and its investors risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in Portfolio Companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its Portfolio Company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event a Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the Fund Manager believes reflect the fair value of such investments.

***Leveraged Portfolio Investments are Subject to Inherent Risks.*** Portfolio Companies may be sensitive to movements in the overall economy or in the Portfolio Companies' industrial or economic sectors. A recession or adverse development in the securities or financial markets might have an adverse impact on some or all of the Portfolio Investments and, in turn, the Fund Investments. For instance, the contraction of the high yield bond market or the initial public offerings market may limit the exit strategies available to Funds with respect to their investments in Portfolio Companies and have an adverse impact on the related Portfolio Investments and Fund Investments. In addition, factors specific to a Portfolio Company may have an adverse effect on a Portfolio Investment in such Portfolio Company.

Funds may invest in leveraged acquisition transactions or in Portfolio Companies or Portfolio Investments that have a significant amount of indebtedness. In addition, certain of the Portfolio Companies may incur indebtedness in connection with various transactions, such as acquisitions, self-tender offers, recapitalizations and others, that may be undertaken contemporaneously with or subsequent to the Portfolio Investment in such Portfolio Company. A highly leveraged company or asset is generally more sensitive to downturns in its business and to changes in prevailing economic conditions than is a company with a lower level of debt. The ability of a Portfolio Company to refinance debt securities may depend on its ability to sell new securities in the public high yield debt market or otherwise.

In addition, the Portfolio Investments may be among the most junior securities in a Portfolio Company's capital structure, and thus subject to the greatest risk of loss. Generally, such Portfolio Investments will not be secured by collateral.

Certain Funds may enter into subscription facilities or otherwise incur leverage at the Fund level as well as the Portfolio Company level, effectively incurring multiple layers of leverage (and related fees and expenses) and potentially requiring an SPV to fund capital calls directly to the lender in the case of a default by the Fund. The use of leverage may, in certain circumstances, increase the adverse impact to which a Fund's investment portfolio may be subject.

***Fund Investments are Subject to the Risks of the Investment Strategies of the Funds and to Concentration Risks.*** The CFOs are expected to invest in Funds that employ a wide range of strategies and invest in many different equity and debt instruments, some of which may be at different levels in the capital structure of the same Portfolio Companies and therefore may have conflicting interests under certain circumstances (e.g., one may have seniority in the event of bankruptcy). Each Fund Manager has, in disclosure provided in connection with the offering of the related Fund Investments, indicated the strategy it intends to pursue. However, the Fund Documents for most Funds provide the Fund Manager with substantial discretion to modify or vary such strategy or focus. There can be no assurance that a Fund Manager will not substantially vary its investment strategy or focus in a manner that may be materially different from the characterization given to a Fund initially. The performance of the Fund Investments will depend on the success of the Fund Managers of the Funds in their employment of the strategies they have adopted.

A number of the Funds may invest primarily in particular industries, sectors and geographic regions. To the extent that the value of the investments of the Funds is highly correlated with such industries or geographic regions, payments to the holders of Notes could be adversely affected by any significant negative developments in such industries and/or geographic regions. Certain of the strategies and investment focuses that may be employed by Funds invested in by CFO SPVs are highlighted in each CFO's offering memorandum, together with a summary of certain of the risks associated with such strategies and focuses.

***Independent Fund Managers.*** The Fund Managers generally invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Fund Managers do, in fact, hold such positions, an SPV may not achieve any gain or loss in connection with the related Portfolio Investments despite incurring expenses. It is possible that Fund Managers may on occasion take substantial positions in the same security or group of securities at the same time creating hidden correlations.

***Availability of Investment Opportunities.*** The business of identifying and structuring investments of the types contemplated by the Funds is competitive and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions, as well as, in some cases, the prevailing regulatory or political climate. Accordingly, there can be no assurance that the Funds will be able to identify and complete attractive investments in the future or that they will be able to invest their commitments fully. Moreover, identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. Even if attractive investment opportunities are identified by a Fund Manager, there is no certainty that the related Fund will be permitted to invest in such opportunity (or invest in such opportunity to the fullest extent desired).

***Funds may be Subject to Environmental Liabilities.*** Some of the Funds may be exposed to substantial risk of loss from environmental claims arising in respect of investments made having undisclosed or unknown environmental problems or as to which inadequate reserves with respect to such problems had been established. Environmental claims with respect to a specific investment, net of insurance coverage, may exceed the value of such investment, and under certain circumstances, subject the other assets of such Funds to such liabilities.

***Funds May Employ Substantial Leverage.*** The Funds may be able to borrow without limitation and may utilize various lines of credit and other forms of leverage, including swaps. In certain cases, a Fund may pledge the unfunded capital commitments of investors in the Fund to a lender in connection with a financing. While leverage presents opportunities for increasing a Fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Fund will decrease. Additionally, any event that adversely affects the value of an investment by a Fund would be magnified to the extent such Fund is leveraged. The cumulative effect of the use of leverage by a Fund in a market that moves adversely to such Fund's investments could result in a substantial loss to the Fund, and consequently to a CFO or Internal SPV. The existence of such indebtedness could subject the assets of a Fund to the claims of its creditors and may have an adverse impact on the distributions from such Fund to its Fund Investors, including an SPV as holder of the Fund Investments which may, in turn, in the case of CFO SPVs, adversely impact amounts available to a CFO for distribution to the holder of the Offered Securities.

***Increased Government or Market Regulation Could Affect Investments in Funds.*** Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the "private equity" industry in general. Certain legislation proposing greater regulation of the industry is periodically considered by the U.S. Congress, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the CFOs, CFO SPVs, Internal SPVs, Firm, Funds and Fund Managers, and the markets in which they trade and invest or the counterparties with which they do business, may be instituted in the future. Any such regulation could have a material adverse impact on a CFO as well as require increased transparency as to the identity of the investors.

***Investment in Funds Could Cause Litigation and Enforcement Risk.*** Funds might accumulate substantial positions in the securities of a specific company and engage in a proxy fight, become involved in litigation, or attempt to gain control of a company. Under such circumstances, an SPV conceivably could be named as a defendant in a lawsuit or regulatory action. There have been a number of widely reported instances of violations of securities laws through the misuse of confidential information. Such violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized, and for penalties. Investigations and enforcement proceedings are ongoing, and it is possible that Funds selected for a CFO may be charged with involvement in such violations. If that were the case, the performance records of such Funds would be misleading. Furthermore, if a Fund in which an SPV invests engaged in such violations, such SPV and, in the case of CFO SPVs, the CFO, could be exposed to losses.

***Funds May Not Follow Agreed Policies.*** An SPV will not have custody of the assets or control over its investment by a Fund. A Fund could divert assets, fail to follow agreed upon investment strategies, provide false reports of operations, or engage in other misconduct, resulting in losses to such SPV and CFO.

***The Funds' Investment Strategies may not be Successful; Reliance on Fund Managers.*** There can be no assurance that the investment strategies employed by the Funds will be successful. Past performance of a Fund Manager or a Fund is not predictive of future performance. The loss by a Fund manager of one or more key individuals could have a material adverse effect on the performance of the related Fund.

***Removal of the Fund Managers; Termination of the Funds and/or their Commitment Periods.*** Certain Fund Documents may contain provisions allowing for the removal of the Fund Manager under certain circumstances for "cause" and/or on a "no-fault basis." In addition, investors in certain Funds may be allowed to terminate the related Fund's commitment period or term (including in connection with a "key person event"). Any such removal or termination could have an adverse effect on an SPV's investment in such Fund. There is no guarantee that the Fund investors will be able to replace the Fund Manager (where



they are permitted to do so), particularly where the removed Fund Manager is not required to take a reduction of its carried interest and other performance-based compensation. There is also no guarantee that any replacement Fund Manager, where applicable, will be able to manage and advantageously dispose of the Portfolio Investments. In addition, as SPVs will typically hold a minority interest in each of the Funds, they will have limited or no ability to protect their interests in connection with any vote.

***There Are Risks Relating to Financial Fraud.*** Instances of fraud and other deceptive practices committed by senior management of certain Portfolio Companies in which the Funds invest may undermine a Fund's due diligence efforts with respect to such Portfolio Companies, and may negatively affect the valuation of an SPV's investments. Due diligence is not foolproof and may not uncover problems associated with a particular Portfolio Company. A Fund Manager may rely upon representations made by underlying investment advisers, accountants, attorneys, prime brokers, or other investment professionals. Any such representations which prove misleading, incomplete, or false may result in the selection of Portfolio Investments which might have otherwise been eliminated from consideration had fully accurate and complete information been made available to the Fund Manager. Even exhaustive due diligence, however, may not protect against subsequent fraud by personnel at the Portfolio Company level or the Fund Manager level. In addition, Funds, Fund Managers and Portfolio Companies may be victims of cybercrime or fraud by third parties.

***Certain Fund Investments May Include Non-U.S. Investments.*** Certain Funds may invest in non-U.S. Portfolio Companies, non-U.S. instruments and derivatives on non-U.S. instruments. Investing in non-U.S. Portfolio Companies, non-U.S. instruments and derivatives on non-U.S. instruments may involve risks and considerations not present in investing in non-U.S. Portfolio Companies, non-U.S. U.S. instruments and derivatives thereon. Since non-U.S. Portfolio Companies may have earnings in non-U.S. currencies and non-U.S. instruments generally are denominated, pay interest, and are settled in non-U.S. currencies, the value of the assets of the Fund Investment as measured in U.S. dollars may be affected favorably or unfavorably by changes in the exchange rate between the U.S. dollar and other currencies. The weakening of a country's currency relative to the U.S. dollar will adversely affect the dollar value of the Fund's investments that are denominated in such country's currency. As a result, the Fund could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, and long-term opportunities for investment and capital appreciation. Currency exchange rates can also be affected unpredictably by controls or restrictions imposed by U.S. or non-U.S. central banks or other governmental agencies in joint or unilateral efforts to alter exchange rate trends. Political developments in the United States or abroad may also affect currency exchange rates. To the extent a Fund invests in instruments denominated in non-U.S. currencies, it may be adversely affected by restrictions on the conversion or transfer of non-U.S. currencies. The Fund Manager may (but may not necessarily) seek to hedge these risks through currency futures contracts, forward currency contracts, swaps, or any combination thereof (whether or not exchange traded), but there can be no assurance that such strategies will be effective. Swaps, "synthetic" or derivative instruments, and certain types of customized financial instruments are subject to the risk of non-performance by the other party to the contract. As a result, a default on the instrument may deprive the Fund of unrealized profits and/or collateral held by the counterparty or may force the Fund to cover its commitments for purchase or resale of the underlying currency at the then current market price.

In addition, there may be less publicly available information about non-U.S. economies and non-U.S. companies than the U.S. economy and U.S. companies. Non-U.S. companies may not be subject to accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Many non-U.S. securities markets have substantially less volume than U.S. securities markets and, therefore, securities of non-U.S. companies are generally less liquid and at times

their prices may be more volatile than securities of comparable U.S. companies. In addition, in many non-U.S. markets there is less government supervision of exchanges, brokers, dealers and issuers than in the United States. There is a possibility of expropriation or confiscatory taxation, seizure or nationalization of foreign bank deposits, establishment of exchange controls, the adoption of foreign government restrictions or other adverse political, social or diplomatic developments that could adversely affect any such investment. Some of the instruments may be subject to taxes levied by foreign governments, which has the effect of increasing the cost of such investing and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income from non-U.S. instruments held by a Fund may be reduced by a withholding tax at the source. Tax conventions between certain countries and the United States, however, may reduce or eliminate such taxes, and some or all of such taxes may be creditable against the U.S. federal income tax liability of investors in the Fund which are U.S. taxpayers.

***Investing in Participations Involves Particular Risks.*** SPVs may acquire interests in certain Fund Investments indirectly by acquiring participations in such Fund Investments from a third-party (a “***Selling Party***”). Holders of participations are subject to additional risks not applicable to a holder of a direct interest in a Fund Investment. Participations in a Selling Party’s portion of a Fund Investment result in a contractual relationship only with such Selling Party, not with the Fund. In the case of a participation, an SPV will generally have the right to receive payments to which it is entitled only from the Selling Party and only upon receipt by such Selling Party of such payments from the Fund. By holding a participation in a Fund Investment, an SPV will have no direct right to enforce compliance by the Fund Manager with the terms of the related Fund Documents. As a result, such SPV will assume the credit risk of both the Fund and the Selling Party, which will remain the legal owner of record of the applicable Fund Investment. When an SPV holds a participation in a Fund it may be restricted by the Fund Documents from voting with respect to every matter that arises thereunder. Selling Parties’ voting in connection with such matters may have interests different from those of the applicable SPV and may fail to consider the interests of such SPV in connection with their votes. Participations are sold strictly without recourse to the Selling Party, and the Selling Party will generally make no representations or warranties about the underlying Fund Documents or the Funds.

### **Risks Relating to Offered Securities**

***An Investment in the Offered Securities will not be Suitable for all Investors.*** Structured investment products like the CFO Notes and CFO Equity are complex instruments, and typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. Securities issued in securitization transactions have experienced in the past and may in the future experience historically high volatility and significant fluctuations in market value. Any investor interested in purchasing Notes should conduct its own investigation and analysis of the product and consult its own professional advisers as to the risks involved in making such a purchase.

***There will be no Market for Offered Securities When Issued, and Their Transfer will be Restricted; Investors Must be Prepared to Hold Their Offered Securities Until the Final Maturity Date.*** There will be no market for the Offered Securities when issued. There can be no assurance that a secondary market for the Offered Securities will develop, or if a secondary market does develop, that it will provide the holders of the Offered Securities with liquidity of investment or that it will continue for the life of the Offered Securities. Although an arranger (the “***Arranger***”) may from time to time make a market in the CFO Notes and/or CFO Equity, it will not be under any obligation to do so. If the Arranger commences any market-making, it may discontinue the same at any time. The CFO Notes will not be listed on any securities exchange. In particular, the CFO Notes typically may be transferred only to persons that are both QIBs and QPs. The restrictions on the transfer of Offered Securities may further limit their liquidity. Consequently, an investor in the CFO Notes must be prepared to hold the CFO Notes until their final

maturity date. In addition, the Offered Securities will be subject to substantial transfer restrictions related to the Employee Retirement Income Security Act of 1974, as amended.

The Offered Securities will not be registered or qualified under the Securities Act, under any U.S. state securities or “Blue Sky” laws, or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by those laws. No Offered Securities may be sold or otherwise transferred unless the transfer complies with applicable transfer restrictions.

***CFO Notes Will Not Be Guaranteed by any Party Other than the CFO SPV.*** CFO Notes will be issued by a CFO and guaranteed by a CFO SPV. Other than such guarantee, it is expected that no party will make any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any investor in the Notes, and no investor may rely on any such party for a determination of expected or projected success, profitability, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any investor in the CFO Notes. Each Offered Securities holder will be required to represent (or be deemed to represent), among other things, that it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors regarding investment in the Offered Securities as it has deemed necessary and that the investment by it is within its powers and authority, is permissible under applicable laws governing such purchase, has been duly authorized by it and complies with applicable securities laws and other laws.

***CFO Notes Will Be Limited Recourse Obligations; Investors Will Have No Source for Payment Other than the Fund Investments.*** The CFO Notes will be debt obligations of a CFO, limited in recourse solely to the assets of the CFO and CFO SPV. Other than cash amounts of the CFO on deposit from time to time, the principal assets of the CFO will be the SPV Interests and the principal assets of the CFO SPV will be the Fund Investments. None of the security holders, members, officers, directors, partners or incorporators of the CFO, the Firm, the Arranger, the Trustee or any of their respective affiliates or any other person will be obligated to make payments on the CFO Notes. A CFO’s ability to make interest payments and principal repayments on the CFO Notes will be constrained by the terms of its Indenture. Holders of the CFO Notes must rely solely on the proceeds of Fund Investments and certain loans that may be available to the CFO as the sole sources of payment on the CFO Notes, and there can be no assurance that those sources will be sufficient to pay all amounts due on the CFO Notes. If distributions on the assets of a CFO and CFO SPV are insufficient to make payments on the CFO Notes, no other assets will be available for payment of the deficiency and, following liquidation of all such assets, neither the CFO nor SPV will have any obligation to pay any deficiency, which will be extinguished and will not revive.

***CFO Notes Will Not Be Secured by a Security Interest in the Fund Investments.*** The Fund Investments will be owned by a CFO SPV, a bankruptcy-remote special purpose vehicle with limited activities. The CFO Notes will be obligations of the CFO, secured by the CFO SPV Interests and guaranteed by the CFO SPV. However, a CFO SPV will not grant to the CFO, the Trustee or any other person, a security interest in the Fund Investments. In the event of acceleration of the CFO Notes and enforcement by the Trustee of its rights against the CFO and CFO SPV, the Trustee will not have the rights of a secured creditor in the Fund Investments, the Fund Investments would also be subject to claims of any other creditors of the CFO SPV and any purchase of Fund Investments at foreclosure may require consent of the relevant Fund Manager.

***Failure of a Court to Enforce Non-Petition Obligations May Adversely Affect CFO Note Holders.*** Each CFO Note holder may agree, and each beneficial owner of CFO Notes may be deemed to agree, pursuant to the relevant Indenture, that it will be subject to non-petition covenants. If such provision failed to be enforceable under applicable bankruptcy laws, then the filing or presentation of such a petition could result

in one or more payments on the CFO Notes made during the period prior to such filing being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the CFO's bankruptcy estate. It could also result in the bankruptcy court, trustee or receiver liquidating the property of the CFO or CFO SPV without regard to any votes or directions required for such liquidation pursuant to the Indenture. If the non-petition covenant is unenforceable or is violated by one or more Holders or beneficial owners, the petitioning Holders or beneficial owners would be subject to the subordination provisions of the relevant Indenture. However, a bankruptcy court may find that such subordination provisions are not enforceable on the ground that they violate an essential policy underlying applicable bankruptcy or insolvency law.

***The CFOs Will Be Highly Leveraged, which Increases Risks to Investors.*** The CFOs are expected to be highly leveraged. Use of leverage is a speculative investment technique and involves certain risks to investors in the Offered Securities. The leverage provided to the CFO by the issuance of the CFO Notes will result in interest expense and other costs incurred in connection with the borrowings that may not be covered by the net distributions, redemption proceeds, and, if applicable, appreciation of the Fund Investments. The market value of the Offered Securities would be anticipated to be significantly affected by, among other things, changes in the value of the Fund Investments, changes in the distributions on the Fund Investments, gains and losses on the Fund Investments and other risks associated with the Fund Investments. The use of leverage generally magnifies the CFO's risk of loss and as a result, the CFO Notes may not be paid in full.

***A Controlling Class May Control Many Rights Under the Applicable Indenture in Connection with an Event of Default.*** Under the applicable Indenture, certain rights of the holders of the CFO Notes may be controlled by a controlling class of CFO Note holders (a "***Controlling Class***"). Remedies pursued by the holders of the Controlling Class upon an event of default could be adverse to the interests of the holders of CFO Notes subordinated to the Controlling Class and the Controlling Class will have no obligation to consider any possible adverse effect on such other interests. All proceeds of enforcement during a liquidation event will be allocated in accordance with the priority of payments provided for in the applicable Indenture. There can be no assurance that funds will be sufficient to make distributions to the holders of all other classes of CFO Notes following any liquidation of the Fund Investments and the application of the proceeds to pay the Controlling Class and other liabilities prior to the payment of non-controlling CFO Note holders.

In certain circumstances, such as in connection with the exercise of remedies following an event of default, the Controlling Class may cause the disposition of some or all of the Fund Investments under unfavorable market conditions, thus causing the applicable CFO to recognize a loss that might not otherwise have occurred. Upon the occurrence of an event of default, the Controlling Class may be entitled to direct the exercise of remedies available under the applicable Indenture and may be expected to do so in their own interest, rather than in the interests of the subordinate classes of CFO Notes.

***A Controlling Class May Control Many Rights of Consent Under the Indenture.*** Under the applicable Indenture, many consent and approval rights may be vested in the Controlling Class. The Controlling Class can be expected to exercise such consent and approval rights in their own interest, which may be adverse to the interests of holders of CFO Notes subordinated to the Controlling Class.

***Decisions of the Investment Manager May Affect Classes of CFO Notes Differently.*** Because of the different priorities and other characteristics of various classes of CFO Notes, decisions by the Firm with respect to a CFO or CFO SPV may be likely to affect such classes differently (and may even affect one class adversely while affecting another class favorably). Such conflicts are inherent in a multi-tranche capital structure within a single entity managed by a single investment manager.

***Concentrated Ownership of One or More Classes of CFO Notes.*** If at any time one or more investors that are affiliated hold a majority of any class of CFO Notes, it may be more difficult for other investors to take certain actions that require consent of any such class of CFO Notes without their consent. For example, the removal of the Firm for cause and appointment of a replacement investment manager may be at the direction of holders of specified percentages of certain classes of CFO Notes.

***Supplemental Indentures May Modify the Indenture, and Some Supplemental Indentures Do Not Require Consent of Various CFO Note Holders or Confirmation of the Ratings of the CFO Notes.*** Each Indenture is expected to provide that the CFO and the Trustee may enter into supplemental indentures to modify various provisions of the Indenture. Execution of supplemental indentures will be subject to various conditions precedent. In certain cases, the consent of the Noteholders will be required, but, in certain cases, such consent will not be required without regard to whether the CFO Note holders are materially and adversely affected or will be required from less than 100% of the holders of the CFO Notes that would be materially and adversely affected by the supplemental indenture. Non-consenting holders of the CFO Notes may be materially and adversely affected by a supplemental indenture that is entered into following consent by the required percentage of the holders of the CFO Notes. In addition, while a rating agency may be provided advance notice of proposed supplemental indentures, confirmation of the ratings of the applicable CFO Notes may not be a condition precedent to the CFO's entry into a supplemental indenture.

***Remedies Available to CFO Note Holders Relating to Adverse Performance of the Funds Are Limited.*** If the Funds owned by an SPV experience adverse performance, remedies available to holders of CFO Notes will be limited as more specifically described in the applicable CFO offering memorandum.

***The Weighted Average Lives of the CFO Notes May Vary.*** The weighted average lives of the CFO Notes are expected to be affected by the amount and timing of payments received with respect to the Fund Investments. The timing of payments on investments such as the Fund Investments, however, is inherently unpredictable. The amount and timing of payments of principal on the CFO Notes will also be affected by, among other things, any redemption of all or any part of the CFO Notes and an acceleration of the principal of the CFO Notes in connection with the occurrence of an event of default. The occurrence of any unscheduled principal repayments of the CFO Notes is, in turn, determined by the amount and timing of payments with respect to the Fund Investments, which will be dependent on, among other things, the financial condition of the Funds and the characteristics of the Fund Investments, including the existence and frequency of exercise of any prepayment, optional or mandatory redemption or sinking fund features, the prevailing level of interest rates, the redemption price and the actual default rate, the frequency of tender or exchange offers for the Fund Investments and any sales of Fund Investments. Prospective investors should make their own determinations of the payments expected to be made in respect of the CFO Notes.

***CFO Notes Will Be Subject to Redemption and Prepayment.*** The CFO Notes are expected to be subject to redemption in whole prior to their final maturity date and partial optional repayment. The Holders of CFO Notes receiving payments as a result of such a redemption or repayment may not be able to invest the proceeds of such redemption or repayment in investments providing a return equal to or greater than the Holders of the CFO Notes expected to obtain from their investment in the CFO Notes.

***Events Outside the Control of the CFO and the Firm Can Affect the Offered Securities.*** Various acts of God, force majeure, acts of war or terrorism and certain other events beyond the control of a CFO, a CFO SPV, the Trustee and/or the Firm could affect the ability of financial institutions to process payments and transfer funds and could impair the financial records and record-keeping practices of financial institutions and others (including the Trustee and the Firm). The existence of those circumstances could adversely affect the ability of a CFO to make timely payments on the CFO Notes.

***Non-Compliance with Restrictions on Ownership of the Offered Securities under the United States Investment Company Act of 1940 Could Adversely Affect the CFOs.*** The CFOs will not be registered with the SEC as an investment company pursuant to the Investment Company Act in reliance on Section 3(c)(7) of the Investment Company Act, which requires, among other things, that all of the CFO's investors be QPs and that the CFO not make a public offering of its securities in the United States. No opinion or no-action position with respect to the registration of any CFO or CFO SPV under the Investment Company Act will be requested of, or received from, the SEC. If the SEC or a court of competent jurisdiction were to find that a CFO is required, but in violation of the Investment Company Act had failed, to register as an investment company, the CFO and, as a result, the Offered Securities, would be materially and adversely affected.

***Book Entry Holders Will Not Be Considered Holders of CFO Notes for Certain Purposes Under the Indenture and May Delay Receipt of Payments on the CFO Notes.*** Holders of beneficial interests in any CFO Notes held in global form (a "***Global Note***") will not be considered holders of such CFO Notes for certain purposes under the Indenture. After payment of any interest, principal or other amount to the Depository Trust Company ("***DTC***"), the CFO will have no responsibility or liability for the payment of such amount by DTC or to any holder of a beneficial interest in a CFO Note. DTC or its nominee will be the sole holder for any CFO Notes held in global form, and therefore each person owning a beneficial interest in a CFO Note held in global form must rely on the procedures of DTC (and if such person is not a participant in DTC on the procedures of the participant through which such person holds such interest) with respect to the exercise of any rights of a holder of a CFO Note under the Indenture.

Holders of the CFO Notes owning a book entry CFO Note may experience some delay in their receipt of distributions of interest and principal on such CFO Note since distributions are required to be forwarded to DTC, and DTC will be required to credit such distributions to the accounts of its participants which thereafter will be required to credit them to the accounts of the applicable holders of the CFO Notes, either directly or indirectly through indirect participants.

***Actions of a Rating Agency Can Adversely Affect the Market Value or Liquidity of the CFO Notes.*** The rating agency rating the CFO Notes may change its published ratings criteria or methodologies for securities such as the CFO Notes at any time in the future. Further, the rating agency may retroactively apply any such new standards to the ratings of the CFO Notes. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any CFO Note, despite the fact that such CFO Note might still be performing fully to the specifications set forth for such CFO Note in its offering documents and transaction documents. The ratings assigned to any CFO Note may also be lowered following the occurrence of an event or circumstance despite the fact that the rating agency previously provided confirmation that such occurrence would not result in the rating of such CFO Note being lowered. Additionally, a rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to the CFO Notes. If any rating initially assigned to any CFO Note is subsequently lowered or withdrawn for any reason, holders of the CFO Notes may not be able to resell their CFO Notes without a substantial discount. Any reduction or withdrawal to the ratings on the CFO Notes may significantly reduce the liquidity of the CFO Notes and may adversely impact the regulatory characteristics of the CFO Notes.

***Financial Information Provided to Holders of Offered Securities Will Be Unaudited.*** The Trustee may make available to any CFO Note holder or other persons financial information regarding the CFO Notes. Financial information furnished to Offered Securities holders will not be audited and reported upon, and an opinion will not be expressed by an independent public accountant.

***The CFOs May Be Subject to Tax.*** It is expected that each CFO will be treated as a partnership (other than a publicly traded partnership treated as a corporation) for U.S. federal income tax purposes so long as the equity interests in the CFO are beneficially owned by more than one person for U.S. federal income tax purposes. An entity treated, for U.S. federal income tax purposes, as a partnership that is not a “publicly traded partnership” is generally not subject to U.S. federal income taxation at the entity level. Rather, each holder of CFO Equity will be required to report separately on its income tax return its distributive share of the partnership's income. If a CFO were an association or a “publicly traded partnership” taxable as a corporation, it would be treated as a corporation for U.S. federal income tax purposes. If a CFO were treated as a corporation for U.S. federal income tax purposes, the CFO's income would be subject under the Code to U.S. corporate income tax and may be subject to state and local taxes as well. The imposition of such taxes on the CFO's income would adversely affect the ability of the CFO to make payments on the CFO Notes.

To minimize the risk of a CFO being treated as a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, each holder of certain classes of CFO Notes or CFO Equity will be subject to acquisition and transfer restrictions designed to ensure that the CFO does not become a publicly traded partnership. There can be no assurance that holders will comply with such restrictions. Because CFO Notes may be held as global notes, the CFO is less likely to be able to monitor and confirm that such certifications are at all times provided and correct, thereby increasing the risk that violations may occur.

Moreover, if the partnership is deemed to be engaged in a U.S. trade or business for U.S. federal income tax purposes, it may have to withhold tax in respect of the income that is allocable to partners who are not “United States persons” (within the meaning of Section 7701(a)(30) of the Code) (“***U.S. Tax Persons***”). As income so determined may exceed cash actually available to make distributions to such partners, such required withholding may reduce amounts otherwise available for distribution on the CFO Notes. To minimize this risk, the CFO Equity will be subject to acquisition and transfer restrictions that prohibit the acquisition by, or transfer to, anyone other than a U.S. Tax Person. In the event that acquisitions or transfers occur in violation of the acquisition and transfer restrictions and any CFO Equity are otherwise held (or deemed owned) by persons that are not U.S. Tax Persons, the CFO's ability to make payments on the CFO Notes could be adversely affected.

Certain payments made to the CFOs might become subject to U.S. or other taxes due to a change in law or other causes. The imposition of unanticipated withholding or other taxes could materially impair the CFOs' ability to make payments on the CFO Notes.

***CFO Notes may be Issued with Original Issue Discount.*** CFO Notes may be issued with original issue discount (“***OID***”) for U.S. federal income tax purposes. A U.S. Note holder generally will be required to accrue OID on a current basis as ordinary income and pay tax accordingly, even before such U.S. Holder receives cash attributable to that income and regardless of such U.S. Holder's method of tax accounting.

***Payments to Non-U.S. Holders may be Subject to Withholding under FATCA.*** The Foreign Account Tax Compliance Act, enacted as part of the Hiring Incentives to Restore Employment Act (“***FATCA***”), generally imposes a 30% withholding tax on certain U.S. source payments (“withholdable payments”) to certain foreign entities, unless the foreign entity complies with information reporting, withholding and other requirements. Such payments include U.S. source interest and gross proceeds (including principal payments) from the sale or other disposition of debt instruments that could give rise to U.S. source interest (such as the CFO Notes). If any withholding is imposed on payments on any CFO Notes, the holders of the applicable CFO Notes will only be entitled to receive the net amount of such payments, after deduction for any withholding. Prospective purchasers are urged to consult with their tax advisors regarding FATCA.

***Anti-Money Laundering, Corruption, Bribery and Similar Laws may Require Certain Actions or Disclosures.*** Many jurisdictions have adopted wide-ranging anti-money laundering, economic and trade sanctions, and anti-corruption and anti-bribery laws, and regulations (collectively, the “***Requirements***”). A CFO, the Firm and others could be requested or required to obtain certain assurances from prospective investors intending to purchase CFO Securities and to retain such information or to disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is expected that each CFO, the Firm and such others will comply with Requirements to which they are or may become subject and to interpret such Requirements broadly in favor of disclosure. Failure to honor any request by a CFO, the Firm or such others to provide requested information or take such other actions as may be necessary or advisable to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) may result in, among other things, a forced sale to another investor of such investor’s Offered Securities. In addition, it is expected that each of the CFO, the Firm and others intends to comply with applicable anti-money laundering and anti-terrorism, economic and trade sanctions, and anti-corruption and anti-bribery laws, and regulations of the United States and other countries, and will disclose any information required or requested by authorities in connection therewith.

#### **Item 9. Disciplinary Information**

Neither the Firm nor any of its managers, officers or principals has been involved in any criminal or civil action in a domestic, foreign or military court that is material to a client’s or prospective client’s evaluation of the Firm’s advisory business or the integrity of the Firm’s management.

Neither the Firm nor any of its managers, officers or principals has been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither the Firm nor any of its managers, officers or principals has been involved in any self-regulatory organization proceedings.

#### **Item 10. Other Financial Industry Activities and Affiliations**

##### **A. Broker-Dealer Registrations**

Neither the Firm nor any of its managers, officers or principals is registered, or has an application pending to register, as a broker-dealer or registered representative of a broker-dealer.

##### **B. CFTC Registrations**

Neither the Firm nor any of its managers, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or commodity trading advisor, or is an associated person of any of the above.

##### **C. Affiliates**

The Firm is affiliated with the following advisers, broker-dealers and insurance companies:

- 1851 Securities Inc.
- AIC Credit Opportunities Partners Fund II GP, L.P.
- Concord Re, Inc.
- GGC Opportunity Fund Management, L.P.



- Golden Gate Private Equity Inc.
- Lynbrook Re, Inc.
- Magni Re Ltd.
- Nassau Global Credit LLC
- Nassau Global Credit GP LP
- Nassau Global Credit (UK) LLP
- Nassau Life and Annuity Company
- Nassau Life Insurance Company
- Nassau Life Insurance Company of Kansas
- Nassau Private Credit LLC
- Nassau Private Credit GP LLC
- Nassau Re (Cayman) Ltd.
- NGC Capital Management LLC
- NGC CLO Manager LLC
- NPC Credit Opportunities Fund GP, LLC
- PHL Variable Insurance Company
- Sunrise Re, Inc.

The Firm has entered into the Shared Services Agreement with the Shared Services Providers pursuant to which the Shared Service Providers and their agents perform certain back-office, credit analysis and reporting functions among other functions that will be delegated to them by the Firm. In performing its services, the Firm depends, in large part, upon the skill and expertise of certain personnel of the Shared Service Providers that are made available to the Firm pursuant to the Shared Services Agreement who are responsible for the day-to-day operations and management of the Firm and who provide services to other affiliates of the Firm as well as to the Firm.

#### **D. Other Investment Advisers**

The Firm does not recommend or select other investment advisers for its clients, nor does the Firm have other business relationships with advisers that create material conflicts of interest.

### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

The Firm has adopted a Code of Ethics, which is designed to comply with SEC requirements. The purpose of the Code of Ethics is to identify the ethical and legal framework in which the Firm and its personnel are required to operate and to highlight some of the guiding principles and mechanisms for upholding the Firm's standard of business conduct. The Firm's Code of Ethics is designed to ensure that all applicable personnel are aware of and adhere to the Firm's policies and procedures. The description below is a summary only. The Firm will provide a complete copy of its Code of Ethics to clients and prospective clients.

***Standard of Business Conduct.*** The Firm and its personnel have a fiduciary duty to the Firm's clients, and in this fiduciary capacity, the Firm must place the interests of its clients before the Firm's own interests.

***Basic Principles.*** The Firm's Code of Ethics is based on a few basic principles: (i) the Firm and its personnel must place the interests of the Firm's clients above their own; (ii) the professional activities and personal investment activities of the Firm's personnel must be consistent with the Code of Ethics and avoid any actual or potential conflict between the interests of clients and those of the Firm or its personnel; (iii)

the activities of the Firm's personnel must be conducted in a way that avoids any abuse of any such person's position of trust with and responsibility to the Firm and its clients; (iv) the Firm's personnel must not take any inappropriate advantage of their positions with the Firm; (v) the Firm must maintain independence in its investment decision-making process; and (vi) the Firm's personnel may not engage in any act, practice or course of conduct that would violate the provisions of Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "*Advisers Act*"), and other applicable securities laws.

***Conflicts of Interest.*** As a fiduciary, the Firm has an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of its clients. The Firm makes every effort to avoid conflicts of interest and fully disclose all material facts concerning any conflict of interest that may arise with respect to any of its clients. The Firm stresses that individuals subject to its Code of Ethics must try to avoid situations that have even the appearance of conflict or impropriety.

***Insider Trading.*** The Firm's personnel may not trade, either personally or on behalf of another, on material non-public information or communicate material non-public information to another person in violation of the law. This policy applies to all of the Firm's personnel and extends to their activities both within and outside their duties for the Firm. The Firm has also implemented policies and procedures designed to detect and prevent insider trading.

***Personal Securities Transactions.*** All personnel must comply with the Firm's policy on personal trading. Except with respect to certain excepted personnel, securities (including, indices, mutual funds, exchange-traded funds and certain government securities) and/or accounts for which a person does not exercise investment discretion, personal securities transactions by the Firm's personnel must be pre-approved by the Firm's Chief Compliance Officer (the "*Chief Compliance Officer*").

***Holdings and Transactions Reports.*** Every employee and access person must submit both initial and annual holdings reports to the Chief Compliance Officer that disclose all covered securities held in any personal account. Every employee and access person must also submit a quarterly transaction report to the Chief Compliance Officer for each covered securities transaction in any personal account.

***Service as a Director.*** The Firm's personnel are prohibited from serving on the boards of directors of any outside company, unless the service (i) would be in the best interests of the Firm or its clients and (ii) has been approved in writing by the Chief Compliance Officer; provided that the Firm's personnel will not be required to obtain prior written approval for service on the boards of directors of charitable or civic organizations. In addition, any Firm personnel serving on the board of a private company which is about to go public may be required to resign either immediately or at the end of the current term.

***Reporting of Violations.*** The Firm has implemented policies and procedures whereby its personnel are required to report any violation, apparent violation or potential violation of the Firm's Code of Ethics to the Chief Compliance Officer.

***Review and Enforcement.*** The Chief Compliance Officer is responsible for ensuring adequate supervision over the activities of all persons who act on the Firm's behalf in order to prevent and detect violations of the Firm's Code of Ethics by such persons.

## **B. Material Financial Interest in Client Transactions**

Generally, neither the Firm nor any related person of the Firm recommends to the Firm's clients, or buys or sells for the Firm's clients, securities in which the Firm or a related person of the Firm has a material financial interest, except the investment by (i) insurance companies with which the Firm and NAM are affiliated in notes issued by CFOs and (ii) Internal SPVs in (A) collateralized fund obligation (each a

“**CLO**”) securities issued by CLOs managed by NGC CLO Manager LLC (“**NGLOM**”), (B) private investment funds managed by NGC Capital Management LLC (“**NGCCM**”), Nassau Private Credit LLC (“**NPC**”), NCA Realty Partners LLC (“**NCARP**”) or other subsidiary of NAM, or (C) co-investments of which the equity sponsor is affiliate with Golden Gate Private Equity Inc. or one of its investment management subsidiaries (collectively, “**GGC**”). The purchase, holding and sale of such investments may enhance or diminish the profitability of investments of the Firm and/or its affiliates, including NGLOM, NPC, NCARP, other subsidiary of NAM or GGC, and the interests of such affiliate’s clients may conflict with those of the Firm and/or its affiliates. The Firm and its affiliates will endeavor to treat each of their respective clients equitably and fairly.

### **C. Participation in Client Transactions**

Generally, neither the Firm and nor any related persons of the Firm invest in the same securities or related securities that the Firm or a related person of the Firm recommends to the Firm’s clients, except as set forth in Item 11(B) above.

### **D. Transactions Simultaneous with Client Transactions**

Generally, neither the Firm nor any related persons of the Firm will recommend securities to the Firm’s clients, or buy or sell securities for the Firm’s clients, at or about the same time that the Firm or a related person buys or sells the same securities for the Firm’s own (or the related person’s own) account, except as set forth in Item 11(B) above or when exceptions are made under limited circumstances.

From time to time, subject to client or investment guidelines and restrictions, the Firm is authorized to direct one of its clients to sell investments to another of the Firm’s clients through an internal cross transaction in which the Firm will receive no compensation. In most cases, an independent pricing mechanism will be used to ensure objectivity. However, there could be times in which that pricing mechanism is not feasible or fair to the Firm’s clients, in which case the Firm will seek some pricing mechanism that is fair to both such clients.

To the extent that any such transaction may be viewed as a principal transaction due to the ownership interest in the client by the Firm and its personnel, the Firm will comply with the requirements of Section 206(3) of the Advisers Act, and provide written notification to such client and obtain client consent either prior to the principal transaction or prior to its settlement.

In addition, the Firm may give advice or take action with respect to investments of one or more of its clients that may not be given or taken with respect to other clients with similar investment programs, objectives and strategies. Accordingly, the Firm’s clients with similar investment strategies may not hold the same investments or achieve the same performance. The Firm may also advise clients with conflicting programs, objectives or strategies. These activities may adversely affect the prices and availability of other investments held or potentially considered for one or more clients.

From time to time, the Firm may acquire securities or other financial instruments of an issuer for one of its clients which are senior or junior to securities or financial instruments of the same issuer that are held by, or acquired by, another of the Firm’s clients. The Firm recognizes that conflicts may arise under such circumstances and will endeavor to treat all of its clients fairly and equitably.

## **Item 12. Brokerage Practices**

### **A. Selection of Broker-Dealers**

The Firm has full authority to select broker-dealers to execute its clients' investment transactions. If applicable, the Firm may allocate a portion of each client's brokerage business to such brokers on the basis of certain considerations, which may include:

- The amount of commission;
- The quality of execution;
- Reputation, financial strength and stability;
- Block trading and block positioning capabilities;
- Willingness to execute difficult transactions;
- Willingness and ability to commit capital;
- Access to underwritten offerings and secondary markets;
- Ongoing reliability;
- Overall costs of a trade;
- Nature of the security and the available market makers;
- Desired timing of the transaction and size of trade;
- Confidentiality of trading activity; and/or
- Market intelligence regarding trading activity.

Although the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission for client account transactions. The commissions and/or transaction fees charged by a broker-dealer may be higher or lower than those charged by other broker-dealers.

Neither the Firm nor any related person is expected to receive client referrals from any broker-dealer or third party that provides brokerage services to the Firm's clients.

At this time the Firm is not a party to, and does not anticipate entering into, any formal "soft dollar" arrangements. However, one or more of the Firm's clients may permit the Firm to use "soft dollars" generated by such clients to pay for the research related services. In the event that the Firm utilizes allocations of commission dollars, it would do so solely to pay for products or services that qualify as "research and brokerage services" within the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended.

### **B. Aggregation of Orders**

From time to time, the Firm may place, as an aggregated order for execution, orders for publicly traded securities at the same time for the accounts of two or more of its clients. This practice enables the Firm's clients to seek more favorable executions and net prices for the combined order. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day are generally allocated *pro rata* among the participating clients in accordance with the initial amounts ordered by each client. However, the *pro rata* allocation may be adjusted, such as to avoid having odd amounts of shares held in any client's account or to avoid deviations from any pre-determined

minimum/maximum holdings limits established for any client. Each client that participates in the order shall do so at the average price for all the transactions and shall share in commissions or other transaction costs on a *pro rata* basis.

### **Item 13. Review of Accounts**

The Firm's investment professionals review client portfolios on a continuous basis.

### **Item 14. Client Referrals and Other Compensation**

#### **A. Non-Client Economic Benefits**

The Firm does not, nor do any of its principals or employees, receive any economic benefit from non-clients for providing advisory services to the Firm's clients.

#### **B. Compensation for Client Referrals**

At this time the Firm is not a party to an arrangement to pay a third party for the referral or solicitation of clients or investors in the CFOs or Internal SPVs to which the Firm provides investment advisory services.

### **Item 15. Custody**

Although the Firm does not have custody of certificated securities (which are typically custodied by the Firm's clients' third party custodian), the Firm is deemed to have custody over the assets of the Internal SPVs according to the custody rule set forth in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended. The Firm will comply with such custody rule by engaging an independent public accountant to verify such assets by surprise examination at least once during each calendar year.

### **Item 16. Investment Discretion**

The Firm has discretionary authority to manage the investment accounts of the CFOs and Internal SPVs to which the Firm provides investment advisory services as set forth in, and limited by, the terms and conditions of the relevant advisory agreement, offering document, organizational agreement and other governing documents of such CFOs and Internal SPVs.

### **Item 17. Voting Client Securities**

The Firm has been provided with authority to vote proxies relating to securities in certain client accounts. Accordingly, the Firm has adopted policies and procedures governing the voting of proxies that include the elements set forth below.

**General Policy.** The general policy is to vote proxies, which includes proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, in a manner that serves the best interests of the investing client(s), as determined by the Firm in its discretion, and taking into account relevant factors, including, but not limited to:

- The impact on the value of the securities;
- The anticipated costs and benefits associated with the proposal;
- The effect on liquidity; and

- Customary industry and business practices.

**Specific Policies.** Specific policies set forth in the Firm's policies and procedures include:

- Routine matters are typically proposed by company's management, directors, general partners, managing members or trustees and (i) do not measurably change the structure, management, control or operation of the company; (ii) do not measurably change the terms of, or fees or expenses associated with, an investment in the company; and (iii) are consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company. For routine matters, the Firm will vote in accordance with the recommendation of the company's management, directors, general partners, managing members or trustees, as applicable, unless, in our opinion, such recommendation is not in the best interests of the investing client(s).
- Non-routine matters involve a variety of issues and may be proposed by a company's management or beneficial owners, and may involve (i) a measurable change in the structure, management, control or operation of the company; (ii) a measurable change in the terms of, or fees or expenses associated with, an investment in the company; or (iii) a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company. The Firm has specific proxy voting policies for non-routine matters, and in some cases, the Firm votes on a case-by-case basis.

**Abstaining from Voting or Affirmatively Not Voting.** The Firm will abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if the Firm determines that abstaining or not voting is in the best interests of the investing client(s). In making such a determination, we will consider various factors including, but not limited to, (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. Furthermore, the Firm will not abstain from voting or affirmatively decide not to vote merely to avoid a conflict of interest.

**Conflicts of Interest.** At times, conflicts may arise between the interests of the investing client(s), on the one hand, and the interests of the Firm or its affiliates, on the other hand. If the Firm determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, we will address matters involving such conflicts of interest as follows:

- If a proposal is addressed by the specific policies in these procedures, the Firm will vote in accordance with such policies.
- If we believe it is in the best interest of the investing client(s) to depart from the specific policies provided for in these procedures, the Firm will be subject to the requirements of the third and fourth bullet points below, as applicable.
- If the proxy proposal is (i) not addressed by the specific policies or (ii) requires a case-by-case determination by the Firm, we may vote such proxy as we determine to be in the best interest of the investing client(s), without taking any action described in the fourth bullet point below, provided that such vote would be against the Firm's own interest in the matter (i.e., against the perceived or actual conflict).
- If the proxy proposal is (i) not addressed by the specific policies or (ii) requires a case-by-case determination by the Firm, and (iii) we believe we should vote in a way that may also benefit, or be perceived to benefit, the Firm's own interest, then the Firm must take one of the following actions in voting such proxy:
  - Delegate the voting decision for such proxy proposal to an independent third party;

- Delegate the voting decision to an independent committee of partners, members, directors or other representatives of the investing client, as applicable;
- Inform the investing client of the conflict of interest and obtain consent to vote the proxy as recommended by the Firm; or
- Obtain approval of the decision from the Chief Compliance Officer and third-party legal advisors.

A complete copy of the Firm's policies and procedures governing the voting of proxies, together with information regarding how we voted particular proxies, will be provided to clients and prospective clients upon request.

#### **Item 18. Financial Information**

The Firm does not require, nor does it solicit, prepayment of more than \$1,200 in fees per client, six months or more in advance.

The Firm has never been the subject of a bankruptcy petition.