

Sierra Crest Investment Management LLC

650 Madison Avenue, 23rd Floor
New York, New York 10022

(212) 891-2880

Part 2A of Form ADV: Firm Brochure
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This brochure provides information about the qualifications and business practices of Sierra Crest Investment Management LLC. If you have any questions about the contents of this brochure, please contact us at (212) 891-2880. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Sierra Crest Investment Management LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

This Item 2 summarizes only the “material changes” to our brochure since our last annual updating amendment filed on March 31, 2023. Capitalized terms used in Item 2 have the definitions provided herein.

- Item 8 has been updated to provide greater detail regarding potential risk factors relating to the investment strategies implemented by the Adviser for its Clients.

We can, at any time, update this brochure and send to you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy (by electronic means (which you consent to by providing us with your email address) or in hard copy form).

If you would like another copy of this brochure, please download it from the SEC website or contact us.

Important Note about this Brochure

This brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle; or
- a complete discussion of the features, risks or conflicts associated with any investment vehicle or advisory service.

As required by the Investment Advisers Act of 1940, as amended (“***Advisers Act***”), we provide this brochure to current and prospective clients and can also, in our discretion, provide this brochure to current or prospective investors in an investment vehicle, together with other relevant documents, such as the investment vehicle’s offering or private placement memorandum, organizational documents and related transaction documents, as applicable, prior to, or in connection with, such persons’ investment. Additionally, this brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available brochure describes our investment advisory services and products, persons who receive this brochure (whether or not from us) should be aware that it is designed solely to provide information about us as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure could differ from information provided in relevant client governing documents. More complete information about each investment vehicle is included in relevant client governing documents, certain of which may be provided to current and eligible prospective investors only by us. To the extent that there is any conflict between discussions herein and similar or related discussions in any applicable client governing documents, such relevant documents shall govern and control.

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ITEM 4. ADVISORY BUSINESS

Below are certain key definitions used in this brochure:

<u>Term</u>	<u>Definition</u>
“Adviser”, “we”, “us”, or “our”	Sierra Crest Investment Management LLC, registered with the SEC as an investment adviser, an indirect subsidiary of BCPAL and Mount Logan Capital
“Mount Logan Capital”	Mount Logan Capital Inc., a Canadian public company
“Mount Logan”	Mount Logan Capital, together with its subsidiaries
“MLM”	Mount Logan Management, LLC, registered with the SEC as an investment adviser, a subsidiary of Mount Logan
“BCPAL”	BC Partners Advisers L.P., a Delaware limited partnership, affiliate of the Adviser, registered with the SEC as an investment adviser
“BC Partners”	BCPAL, together with its affiliates and other entities under common control, including Mount Logan, MLM and the Adviser
“BDC”	A non-diversified, closed-end management investment company that has elected to be regulated as a business development company under the 1940 Act that is managed by the Adviser
“CLOs”	Collateralized loan obligations backed by debt obligations and similar assets. As referred to herein, the term “CLOs” may include short-term and long-term warehouse credit or repurchase agreement facilities entered into to finance the preliminary accumulation and “ramp-up” of assets comprising the initial pool of collateral securing any such issuer, as well as other warehouse, repurchase or other credit facilities and/or special purpose vehicles.
“Clients”	Includes any clients of the Adviser
“Credit Clients” or “BC Partners Credit Clients”	Credit Funds, Credit Accounts, SIFs and the Insurance Company
“Credit Business”	BC Partners’ dedicated credit business
“Insurance Company”	An insurance company, a wholly-owned subsidiary of Mount Logan Capital, for which MLM acts as an investment adviser.
“Private Equity Business”	BC Partners’ private equity business

“Real Estate Business”	BC Partners’ real estate business focusing on pan-European opportunistic investments managed by an affiliate of BCPAL
“PE Funds”	Investment vehicles organized by BC Partners and its affiliates as part of its Private Equity Business
“Credit Funds”	(i) clients of the Adviser, (ii) private funds exempt from registration under the 1940 Act and registered investment companies advised by BCPAL, MLM or the Adviser and (iii) collateralized loan obligations for which either BCPAL, MLM, or the Adviser acts as collateral manager
“Credit Accounts”	Separate accounts managed by the Adviser, BCPAL or MLM
“SIFs”	Single-investor funds managed by the Adviser, BCPAL or MLM
“BC Partners Funds” or “Funds”	PE Funds and Credit Funds
“RICs” or “Regulated Funds”	BDCs and other investment companies registered under the 1940 Act managed by the Adviser
“BC Partners Regulated Funds”	BDCs and other investment companies registered under the 1940 Act managed by the Adviser, BCPAL or MLM
“SEC”	The U.S. Securities and Exchange Commission
“Advisers Act”	The Investment Advisers Act of 1940, as amended
“1940 Act”	The Investment Company Act of 1940, as amended

The Adviser

The Adviser was formed on December 4, 2018 as a Delaware limited liability company and is an affiliate of BCPAL. The Adviser is principally owned by BCPSC Holdings LLC, which is controlled by BC Partners.

Mount Logan Capital

Mount Logan Capital is a minority owner of the Adviser. Mount Logan Capital is a Canada-based asset manager created to source and execute on credit investment opportunities in North America. Mount Logan Capital holds and actively manages and monitors a portfolio of loans and other investments with credit-oriented characteristics. Mount Logan Capital intends to actively source, evaluate, underwrite, monitor, and primarily invest in additional loans, debt securities, and other credit-oriented instruments that present attractive risk-adjusted returns and present low risk of principal impairment through the credit cycle.

In addition to its ownership interest in the Adviser, Mount Logan wholly owns (i) MLM, a registered investment adviser that manages various funds focused on credit investment opportunities and (ii) the Insurance Company.

BC Partners

BC Partners, globally, is composed of BCPAL and other affiliates of BCPAL. BCPAL was founded in 1986 and, together with its affiliated general partners of the PE Funds and other affiliates provide advisory services to and/or receive advisory fees in respect of the PE Funds and other clients of the Private Equity Business via its sub-investment advisory relationship with BCP Partners LLP (UK), an exempt reporting adviser. BCPAL has a majority equity investment in the Adviser and its affiliate BC Partners Investment Holdings Limited has a minority equity investment in Mount Logan Capital.

The Private Equity Business has a long history making investments in control-oriented equity positions in businesses across Europe and North America through its private equity business. It generally focuses on buy-outs and targets investments in control equity positions in businesses across Europe and in North America. Advisory personnel of the Adviser, all of whom are involved with the Credit Business, are not involved in the Private Equity Business.

BC Partners is primarily composed of three business lines: (i) the Private Equity Business, (ii) the Credit Business and (iii) the Real Estate Business. The Adviser's advisory business is part of the Credit Business. BCPAL provides personnel to the Adviser through a resource sharing agreement between the entities (the "*Sharing Agreement*").

BC Partners Credit Business

The Adviser provides investment advisory services to Clients as part of the Credit Business. The Credit Business is a dedicated credit business focusing on making investments utilizing a variety of investment strategies and themes primarily in developed countries, with a focus on North America and Europe. It provides investment advisory services to clients through BCPAL and MLM, in addition to the Adviser. The investment vehicles by which clients receive these advisory services include: (i) private funds that are exempt from registration under the 1940 Act, (ii) business development companies regulated under the 1940 Act, (iii) separately managed accounts, (iv) an interval fund regulated under the 1940 Act and (v) collateralized loan obligations for which the Adviser or an affiliate acts as loan manager.

The Credit Business' advisory services typically consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Credit Clients, managing and monitoring the performance of such investments and disposing of such investments. The investment team in respect of the Credit Business (the "*Credit Investment Team*") follows investment processes with a view towards achieving what it believes to be consistent and repeatable results.

The Adviser's Clients

The Adviser currently provides investment advisory services to the following Clients:

- Portman Ridge Finance Corporation (“PTMN”) a listed BDC regulated under the 1940 Act;
- Alternative Credit Income Fund (“AltCIF”) a continuously offered, closed-end interval fund registered under the 1940 Act; and
- Great Lakes KCAP F3C Senior Funding, LLC (“F3C”), a middle-market CLO sub-advised by the Adviser. KCAP Management, LLC, a Delaware limited liability company and subsidiary of PTMN remains the collateral manager (“**Collateral Manager**”). The Adviser entered into a sub-advisory agreement with the Collateral Manager on the 16th December 2019 to assist with the management and reinvesting of the assets of F3C in accordance with the collateral management agreement.

The Adviser provides investment advice to Clients and not individually to the limited partners, members, or underlying investors in Clients. The assets of each Client are managed in accordance with the terms of the relevant limited partnership agreement, investment advisory agreement, prospectus, indenture, collateral management agreement, and other organizational documents with respect to such Client (collectively, the “**Governing Documents**”).

With respect to the Clients, the Adviser is responsible for sourcing investment opportunities, conducting research, performing diligence on potential investments, structuring investments, and monitoring portfolio companies on an ongoing basis through a team of investment professionals. As of December 31, 2023, the Adviser manages \$994,160,818 of regulatory assets under management on a discretionary basis. Regulatory assets under management, refers to the gross amount of assets under management without subtracting out any liabilities.

ITEM 5. FEES AND COMPENSATION

Clients and investors should review the relevant Governing Documents or other operating agreements to fully understand the total amount of fees and expenses that may be paid. Compensation received by the Adviser is negotiated on a case-by-case basis and/or established in connection with the formation of each Client.

Allocation of Fees, Costs, and Expenses among Multiple Clients. BC Partners may incur, from time to time, fees, costs and expenses on behalf of one or more BC Partners Credit Clients. To the extent that such fees, costs, and expenses are incurred for the account or for the benefit of one or more Clients, such Clients will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment made by each in the activity or entity to which the expense relates (subject to the terms of the applicable Governing Documents of the Clients) or in such other manner as we consider to be fair and reasonable, and in accordance with applicable policies and procedures. BC Partners endeavors to allocate such fees, costs, and expenses on a fair and reasonable basis.

PTMN

As compensation for investment advisory services rendered by the Adviser with respect to PTMN, the Adviser will receive a management or advisory fee (an “**Advisory Fee**”) equal to: an annual

rate of 1.50% of PTMN's average gross assets, excluding cash and cash equivalents, but including assets purchased with borrowed amounts, at the end of the two most recently completed calendar quarters; provided, however, that the management fee will be 1.00% of PTMN's average gross assets, excluding cash and cash equivalents, but including assets purchased with borrowed amounts, that exceed the product of (i) 200% and (ii) the value of the PTMN's net asset value at the end of the most recently completed calendar quarter. The Advisory Fee for any partial month or quarter will be appropriately prorated and adjusted for any share issuances or repurchases during the relevant month or quarter. The Advisory Fee for the PTMN is payable quarterly in arrears on a calendar quarter basis to the Adviser.

In addition, PTMN has retained BC Partners Management LLC (the "**Administrator**"), an affiliate of the Adviser, as administrator pursuant to an agreement, pursuant to which the PTMN Administrator oversees the performance of PTMN's required administrative services, which includes providing office space, equipment and office services, maintaining financial records, preparing reports to stockholders and reports filed with the SEC, and managing the payment of expenses and the performance of administrative and professional services rendered by others. Under the agreement, PTMN pays the Administrator an amount equal to PTMN's allocable portion of the Administrator's overhead resulting from its obligations under the agreement, including rent and the allocable portion of the cost of PTMN's Chief Compliance Officer and Chief Financial Officer and their respective staffs.

AltCIF

As compensation for investment advisory services rendered by the Adviser with respect to AltCIF, the Adviser receives an Advisory Fee, calculated daily and payable monthly in arrears, at the annual rate of 1.85% of AltCIF's average daily net assets.

Please see Item 6 below regarding "Performance Compensation" that the RICs may pay.

Each Regulated Fund will also bear all costs and expenses of its operations, administration and transactions, including, which can include but are not limited to (i) investment advisory fees, including management fees and incentive fees, to its respective adviser pursuant to the investment advisory agreement; (ii) the Regulated Fund's allocable portion of overhead and other expenses incurred by its adviser in performing its administrative obligations under the investment advisory agreement, and (iii) all other expenses of the Regulated Fund's operations and transactions including, without limitation, those relating to: (i) the cost of the Regulated Fund's organization and any offerings; (ii) the cost of calculating the Regulated Fund's net asset value, including the cost of any third-party valuation services; (iii) the cost of effecting any sales and repurchases of the Regulated Fund's common stock and other securities; (iv) fees and expenses payable under any dealer manager or placement agent agreements, if any; (v) administration fees payable under the applicable Administration Agreement and any sub-administration agreements, including related expenses; (vi) debt service and other costs of borrowings or other financing arrangements; (vii) costs of hedging; (viii) expenses, including travel expense, incurred by the Adviser, or members of the investment team, or payable to third parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing the Regulated Fund's rights; (ix) transfer agent and custodial fees; (x) fees and expenses associated with marketing efforts; (xi) federal and state registration fees, any stock exchange listing fees and fees payable to rating

agencies; (xii) federal, state and local taxes; (xiii) independent directors' fees and expenses including certain travel expenses; (xiv) costs of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, including registration and listing fees, and the compensation of professionals responsible for the preparation of the foregoing; (xv) the costs of any reports, proxy statements or other notices to stockholders (including printing and mailing costs), the costs of any stockholder or director meetings and the compensation of personnel responsible for the preparation of the foregoing and related matters; (xvi) commissions and other compensation payable to brokers or dealers; (xvii) research and market data; (xviii) fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums; (xix) direct costs and expenses of administration, including printing, mailing, long distance telephone and staff; (xx) fees and expenses associated with independent audits, outside legal and consulting costs; (xxi) costs of winding up; (xxii) costs incurred by either the Administrator or the Regulated Fund in connection with administering its business, including payments under an applicable Administration Agreement; (xxiii) extraordinary expenses (such as litigation or indemnification); and (xxiv) costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws.

The Adviser receives no compensation for acting as sub-adviser to F3C (other than reimbursement of certain expenses) as described in the sub-advisory agreement.

The Credit Funds will utilize one or more brokers in connection with respect to an actual or prospect investment in which a Credit Fund may invest ("**Portfolio Investments**") and such Credit Funds will bear any costs related to their use of brokers. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to PTMN, the performance-based compensation ("**Performance Compensation**"), which conforms with the requirements set forth in Section 205 of the Advisers Act, allocated to the Adviser will consist of two parts: (1) a portion based on the PTMN's Pre-Incentive Fee Net Investment Income (as defined below) (the "**Income-Based Fee**") and (2) a portion based on the net capital gains received on PTMN's portfolio of securities on a cumulative basis for each calendar year, net of all realized capital losses and all unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gains Incentive Fee (the "**Capital Gains Incentive Fee**").

The Income-Based Fee will equal 100% of the Pre-Incentive Fee Net Investment Income between 1.75%, referred to as the quarterly hurdle rate, and 2.121%, referred to the upper level breakpoint, plus 17.50% of Pre-Incentive Fee Net Investment Income in excess of 2.121%. On an annual basis, the incentive fee equals 17.50% of income in excess of a 7.00% hurdle rate. The Capital Gains Incentive Fee will be 17.50%, which will be determined and payable in arrears as of the end of each calendar year (or upon termination of the advisory agreement). Each year, the fee paid for the Capital Gains Incentive Fee is net of the aggregate amount of any previously paid capital gains incentive fee for prior periods. The Company will accrue, but will not pay, a Capital Gains Incentive Fee with respect to unrealized appreciation because a Capital Gains Incentive Fee would be owed to the Adviser if the Company were to sell the relevant investment and realize a capital

gain. In no event will the Capital Gains Incentive Fee be in excess of the amount permitted by the Advisers Act, including Section 205 thereof.

For purposes of the PTMN advisory agreement, **“Pre-Incentive Fee Net Investment Income”** means dividends (including reinvested dividends), interest and fee income accrued by the PTMN during the calendar quarter, minus operating expenses for the quarter (including the management fee, expenses payable under the administration agreement, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with pay-in-kind interest and zero coupon securities), accrued income that the PTMN may not have received in cash. The Adviser will not be obligated to return to the PTMN the incentive fee it receives on payment-in-kind interest that is later determined to be uncollectible in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

The Adviser receives no performance-based compensation for acting as the sub-adviser to F3C.

With respect to AltCIF, the Adviser is entitled to an incentive fee calculated and payable quarterly in arrears based upon AltCIF’s “pre-incentive fee net investment income” for the immediately preceding quarter and is subject to a hurdle rate, expressed as a rate of return on AltCIF’s “adjusted capital,” equal to 2.25% per quarter (or an annualized hurdle rate of 9.0%), subject to a “catch-up” feature. For this purpose, “pre-incentive fee net investment income” means interest income, dividend income and any other income accrued during the calendar quarter, minus the fund’s operating expenses for the quarter (including the management fee, expenses reimbursed to the Adviser and any interest expenses and distributions paid on any issued and outstanding preferred shares, but excluding the incentive fee). “Adjusted capital” means the cumulative gross proceeds received by AltCIF from the sale of shares (including pursuant to the fund’s distribution reinvestment plan), reduced by amounts paid in connection with purchases of shares pursuant to the fund’s share repurchase program.

No incentive fee is payable in any calendar quarter in which AltCIF’s pre-incentive fee net investment income does not exceed the quarterly hurdle rate of 2.25%. For any calendar quarter in which AltCIF’s pre-incentive fee net investment income is greater than the hurdle rate, but less than or equal to 2.8125%, the incentive fee will equal the amount of AltCIF’s pre-incentive fee net investment income in excess of the hurdle rate. This portion of AltCIF’s pre-incentive fee net investment income which exceeds the hurdle rate but is less than or equal to 2.8125% is referred to as the “catch-up.” The “catch-up” provision is intended to provide the Adviser with an incentive fee of 20.0% on all of AltCIF’s pre-incentive fee net investment income when AltCIF’s pre-incentive fee net investment income reaches 2.8125% in any calendar quarter. For any calendar quarter in which the fund’s pre-incentive fee net investment income exceeds 2.8125% of adjusted capital, the incentive fee will equal 20.0% of pre-incentive fee net investment income.

The payment by some, but not all, Funds and/or other Credit Clients of Advisory Fees (for example, Advisory Fees during term extensions, or post term, of certain Funds may be reduced or no longer payable) or Performance Compensation (for example, co-investment vehicles may not be subject to any Performance Compensation), or the payment of Advisory Fees or Performance Compensation at varying rates, creates an incentive for BC Partners to disproportionately allocate

time, services (including the services of BC Partners and other sub-advisers) or functions to Funds and/or other Credit Clients paying Advisory Fees and/or Performance Compensation, or Funds and/or other Credit Clients paying Advisory Fees and/or Performance Compensation at a higher rate, or allocate investment opportunities to such Funds and/or other Credit Clients. For a discussion of material conflicts of interest created by these practices, please see Item 11 below.

ITEM 7. TYPES OF CLIENTS

The Adviser currently provides investment advisory services in respect to PTMN, AltCIF and F3C, which such Clients are described more thoroughly in Item 4.

The Adviser does not have a minimum size for the PTMN nor a minimum investment for investors therein. The PTMN's common stock is quoted on The NASDAQ Global Select Market under the symbol "PTMN" and are offered pursuant to an exemption from registration under the Securities Act.

The Adviser does not have a minimum size for AltCIF. The minimum initial investment by a shareholder for Class A, C, I, L, and W shares is \$2,500 for regular accounts and \$1,000 for retirement plan accounts. Subsequent investments may be made in an amount not less than \$100 under the fund's automatic investment program. Subsequent investment not made pursuant to the automatic investment program may be made in an amount not less than \$1,000. AltCIF is continuously offered through a third-party distributor and is not listed on an exchange.

The Adviser also provides investment advisory services to F3C, a private investment fund structured as a "Collateralized Loan Obligation" or "CLO." The Adviser acts directly as a sub-adviser to F3C pursuant to a sub-advisory agreement with the Collateral Manager. In general, a CLO is a pooled investment vehicle that has a tiered capital structure, issuing secured notes and subordinated notes (together, "*CLO Securities*"). The CLOs are excepted from the definition of an "investment company" and the CLO Securities are exempt from registration under the Securities Act of 1933, as amended (the "*Securities Act*"). CLO Securities are offered and sold in private placement transactions only to institutional investors. Additional details concerning applicable investor suitability criteria are provided in the CLO's Governing Documents.

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

The following is a summary of the investment strategies and methods of analysis employed by the the Adviser on behalf of Clients. This summary should not be interpreted to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, provide advice with respect to any investment strategies and make any investments, including those that may not be described in this Brochure, that the Adviser considers appropriate, subject to each Clients' investment objectives and guidelines. Specific descriptions of such strategies and method are included in each Client's governing documents or offering memoranda. There can be no assurance that the investment objectives of any Client will be achieved.

Subject to a particular Client's investment strategy, we may invest on behalf of the Clients in a portfolio of assets, loans, and other investments. A Client's portfolio is expected to consist primarily of loans and other debt obligations (and may include equity or equity-like interests), and may include loans, equity and lower-rated debt tranches that constitute equity in CLOs, or debt

obligations secured by portfolios of loans, leases, other receivables, tangible assets and real estate. More detailed information regarding one of the RICs' investment objectives and policies can be found in its prospectus.

A CLO's collateral portfolio consists primarily of debt obligations, secured claims (including secured loans or bonds issued by corporations, structured products and other privately issued obligations), swaps and derivatives and other eligible instruments in each case meeting the investment guidelines, qualifications, and rating requirements specified in each respective offering circular. The Adviser would manage collateral through the maturity of CLO Securities. MLM's ongoing functions with respect to the CLOs include instructing the trustees with respect to any acquisition or sale of the collateral and reinvestment of proceeds during the reinvestment period.

Investment Strategy

As noted in Item 4, above, the Adviser is part of the Credit Business which was established by BC Partners in February 2017 to pursue attractive risk-adjusted return opportunities in credit-oriented investments across both opportunistic and yield strategies primarily in North America and Europe.

Direct Lending: Yield strategies, or direct lending, are implemented by the Credit Business through capital efficient vehicles that allow for favorable tax treatment, such as business development companies or CLOs. Direct lending broadly encompasses the type of corporate lending to middle market companies that used to be the purview of banks but is now provided by non-bank asset managers such as hedge funds, private equity funds and insurance firms. In other words, direct lending is the provision of financing to private companies by a supplier which is not a bank. In executing this investment strategy, the Credit Business seeks to source deal flow consisting of traditional corporate asset and cash flow lending to sponsor-backed companies by leveraging the Credit Business' network of relationships with sponsors and intermediaries. In addition, the Credit Business utilizes sourcing tools and personal and professional contacts to find opportunities which may include transacting directly with family or entrepreneur owned businesses or asset-based lending or transactions in specialty verticals. The Credit Business pursues both sponsor-backed and non-sponsored opportunities to target risk adjusted returns and capital preservation across a larger opportunity set.

Opportunistic Credit: The Credit Business seeks to provide a full credit cycle investment platform with the ability to allocate capital to fill the space created as other capital sources retrench due to both secular and cyclical investing trends. This investment strategy seeks to invest throughout the credit cycle and across liquid and illiquid strategies. The Credit Business expects to apply the same investment philosophy throughout the stages of the credit cycle. The investment philosophy prioritizes establishing downside protection and principal preservation and seeks to generate attractive risk-adjusted returns through execution of a differentiated investment approach built around four principal strategies: event driven, stressed/distressed, asset investing and private lending and structured equity. In contrast with the direct lending strategy, the credit strategy seeks more asymmetric risk-return opportunities.

Both of the above-mentioned strategies seek to emphasize:

Focus on capital preservation	<ul style="list-style-type: none"> ■ Preference for secured debt ■ Maximize margin of safety through both financial and structural protection
Private equity style investment process	<ul style="list-style-type: none"> ■ Long-term focused investment philosophy ■ Leverage expertise and network through integrated platform ■ Utilize standardized investment memos to reinforce discipline in investment analysis and support repeatable investment process
Flexible and opportunistic	<ul style="list-style-type: none"> ■ Seek to generate through market dislocations, relationship advantages, regional expertise, structural documentation and value-add initiatives ■ Flexibility and patience of capital is anticipated to drive attractive risk-adjusted return
Cross-functional investment committee	<ul style="list-style-type: none"> ■ Comprised of individuals from the Credit Business and the Private Equity Business ■ Deep industry experience through decades of investing in targeted sectors ■ Flexible investment approach optimizing risk-return across the capital structure ■ Provides the Credit Business with broader perspective on macro trends and industry dynamics
Breadth of resources across geographies and sectors	<ul style="list-style-type: none"> ■ Target primarily developed markets with a focus on North America and Europe ■ Sectors and regions where BC Partners has industry expertise and deep sourcing relationships

Methods of Analysis

Deal Sourcing. The Credit Business’ sourcing capabilities are supported by longstanding and well-established relationships across both the credit and private equity platforms with intermediaries, advisors, corporations, funds, financial institutions, sponsors, and management teams. The Credit Business’ access to proprietary deal flow is strengthened by its integration with BC Partners’ private equity platform and the flow of information between the private equity and credit sides of BC Partners. The Credit Business seeks to position itself as a solution provider for financial institutions and businesses with the ability to provide expertise in both financial structuring and value creation.

The Credit Business utilizes three complementary sourcing channels to access propriety investment deals and evaluate risk-reward opportunities:

- ***Credit Business Team*** — The Credit Business team seeks to proactively identify companies across various industries and sectors which may be potential attractive borrowers. During weekly idea meetings, the team discusses in-depth and timely market intelligence with a focus on borrowers which may have inadequate access to capital or whose fundamentals are not priced appropriately by the broader market. The team also benefits from established relationships with sponsors, entrepreneurs and management teams honed over decades of operating in the credit markets. This may include strategic partners with whom the Credit Business has engaged to source and service certain asset classes, or other credit firms with complementary strategies. This channel is a focus for the Credit Business in building its pipeline.

- ***Joint Venture with Leader Originator*** — The Credit Business benefits from an exclusive joint venture with one of the largest middle market sponsor direct lenders in North America. Importantly, the relationship expands the Credit Business’ origination platform by providing immediate access to over 75 origination professionals covering 400+ sponsors and sourcing 1,500+ deals per year. Visibility into trends across pricing and deal terms better positions the Credit Business to price risk across the spectrum, and so is relevant as a sourcing engine as well as valuable market feedback.
- ***BC Partners Platform*** — Through integration with the BC Partners platform, it is anticipated that the Credit Business will have access to information on a significant number of opportunities that pass through the Private Equity Business deal flow pipeline each year. The Credit Business will seek to analyze this information for the purposes of primary deal flow, secondary debt purchases and industry insights. In many cases, the optimal risk-adjusted return profile of the opportunities reviewed by the Private Equity Business will be credit-related, and an opportunity that may not suit the Private Equity Business’s requirements could be attractive to the Credit Business.

In addition to the usual networks of legal and financial advisors and intermediaries, integration with the Private Equity Business platform and its investment professionals across North America and Europe provides the Credit Business with access to the broad BC Partners network built up over 30 years of investing in the buyout space. This network includes CEOs, entrepreneurs, business founders, senior advisors and Operating Advisors with experience at the highest levels across a broad range of both sector and geographies. Access to the Private Equity Business’ network can help the Credit Business position itself as the partner of choice for businesses seeking not just financial support but knowledge and expertise to support and add value

Initial Credit Review. After an attractive and actionable investment opportunity has been identified, the Credit Business will perform initial diligence which includes high level credit analysis and a more in-depth assessment of actionability. An initial investment idea and – as applicable – a preliminary set of deal terms along with a proposed potential structure will be determined and presented along with the initial diligence findings in a standardized investment memo.

Full Credit Review. Following approval from the Board to continue to diligence a prospective investment, the Credit Business will proceed to “Full Credit Review” which will include a detailed fundamental credit analysis and an absolute and relative risk/return assessment. An in-depth, private equity style fundamental analysis of the opportunity will be performed to allow the Credit Investment Team to assess the target’s intrinsic and future value.

Monitoring. Throughout the investment hold period the Credit Business will perform ongoing monitoring to ensure the investment remains on track to achieve its return target. Formalized ongoing monitoring processes will include full quarterly portfolio reviews, continuous assessments of fund-level risk-reward profiles and comprehensive scenario sensitivities.

Value Creation. As appropriate, the Credit Business will engage with portfolio company management on value-add initiatives, with the support of its operations team and with access to the intellectual capital of BC Partners’ operating adviser and CEO networks.

Exit. The Credit Business will actively monitor the investment and market conditions to determine if an opportunity exists to exit an investment. When the Credit Business determines the time is right to exit – either because the initial return target has been met, or because changing circumstances suggest that it may be appropriate to exit without having achieved the return target, the team will seek the approval of the Credit Business’ investment committee.

While BC Partners intends generally to apply the investment processes described in this brochure to the Credit Clients’ investments, the Credit Clients intend to pursue a wide variety of strategies (as described in the applicable Governing Documents) and BC Partners may therefore modify or depart from the process described herein in order to achieve a Credit Client’s investment objectives.

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Risk of Loss

Investing in securities involves a substantial degree of risk. A Credit Client may lose all or a substantial portion of its investments, and Credit Clients (and investors in the Credit Clients) must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Credit Clients, include those discussed below. Many, but not all, of the risks and types of securities detailed below will apply to all Credit Clients. However, the risk summary contained herein is intended solely as a summary and is not an exhaustive list of risks, and investors should review the applicable Governing Documents for additional information and risk factors. Specific Risks relating to any SIF, Account, Regulated Fund or other Credit Client will be disclosed in the operating agreement or other disclosure documents relating to such SIF, Account, Regulated Fund or other Credit Client.

Uncertainty Risks

In general, and particularly in light of the COVID-19 pandemic, Clients and investors should be aware that political, social and economic uncertainty creates and exacerbates risks and could impact our investment strategies, processes and methods of analysis. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which Clients and their investments are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market

will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets (including the assets in which Clients invest); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the loan, securities, derivatives and currency markets and market participants and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

For example, beginning in late 2019, COVID-19 emerged in China and spread rapidly across the world, including to the United States. This outbreak led to disruptions in local, regional, national and global markets and economies affected thereby. With respect to the U.S. credit 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 borrowers, 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 be persistent or even 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 had, 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, among other things, the ability of lenders to originate loans, the volume and type of loans originated, and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by Clients and returns to Clients. As of the date of this Brochure, it is impossible to determine the scope of 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 us, obligors and Clients.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact us, our Clients and their investments, it is clear that these types of events are impacting and will, for at least some time, continue to impact Clients and borrowers and in many instances the impact will be adverse and profound. For example, companies in which Clients invest are being significantly impacted by these emerging events and the uncertainty caused by these events. With respect to loans to such companies, Clients will be impacted if, among other things, (i) amendments and waivers are granted (or are required to be granted) to borrowers permitting deferral of loan payments; (ii) borrowers default on their loans, are unable to refinance their loans at maturity, or go out of business permanently; and/or (iii) the value of loans held by the Client decreases as a result of such events and the uncertainty they cause. There can be no assurance that such emerging events will not cause a Client to suffer a loss of any or all of its investments or interest thereon. A Client would also be negatively affected if our operations and effectiveness or those of our affiliates or an issuer, obligor, or borrower (or any of the key personnel or service providers of the foregoing) is compromised or if necessary or beneficial systems and processes are disrupted.

As a result, each of the risks discussed in Item 8 of this Brochure is subject to, and should be considered in light of, the foregoing risks and uncertainties.

Valuation of Assets

To the extent required by the Governing Documents of a Client, the Adviser may seek out independent valuations of that Client's assets. When no market exists for an investment or when the Adviser determines that the market price does not fairly represent the value of an investment, the Adviser may value such investment at fair value as it reasonably determines. There is no guarantee that fair value represents the value that may be realized by the Client on the eventual disposition of the investment or that could, in fact, be realized upon an immediate disposition of the investment.

Changes to Benchmark Rates

To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("LIBOR"), Secured Overnight Financing Rate ("SOFR") or other rates (each, a "**Benchmark Rate**"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects **Inflation**

The U.S. and other developed economies are experiencing higher than normal inflation rates. It remains uncertain whether the substantial inflation in the U.S. and other developed economies will be sustained over an extended period of time or have a significant effect on the U.S. or other economies. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. For example, if a borrower is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected, including, without limitation, as a result of a significant increase to such borrower's operating cost. Borrowers may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, a borrower may earn more revenue but incur higher expenses. As inflation declines, a borrower may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy, and certain central banks have raised interest rates. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Some countries have historically experienced substantial rates of inflation. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain economies, including in regions that a Fund may invest. In an attempt to stabilize inflation, certain countries have imposed wage and price controls at times. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed, and similar governmental efforts could be taken in the future to curb inflation and could have similar effects. Certain countries and regions, including the U.S., have recently seen increased levels of inflation and there can be no assurance that continued and more wide-spread inflation will not become a serious problem in the future and have an adverse impact on a Fund's investments and returns.

Risks Applicable to Credit Funds

New Business Initiative; Limited Operating History. Although the investment professionals of the general partners and BC Partners have substantial credit-oriented investment experience generally (including, in certain instances, at their prior firm(s)), the Credit Funds, certain BC Partners entities and the general partners of the Credit Funds are newly formed entities with limited operating history upon which to evaluate a Credit Fund's likely performance. The sponsoring of a Credit Fund represents a recent business initiative for BC Partners and there can be no assurance that it will be successful. Members of the Investment Team have not previously worked together at BC Partners prior to the formation of the Credit Fund. Accordingly, a Credit Fund is subject to the business risks and uncertainties associated with new business lines and new investment professionals, including the risks that there can be no assurances that the Credit Investment Team will be able to implement any Credit Fund's strategy, achieve a Credit Fund's investment objectives, find investments that fit a Credit Fund's investment criteria or avoid substantial losses. The past performance of any member of the Credit Investment Team and/or BC Partners' investment activities generally is not a reliable indicator of the future performance of a Credit Fund and there can be no assurance that similar results will be achieved.

Flexible Credit-Oriented Strategy. While a Credit Fund is expected to seek to make credit-oriented investments on an opportunistic basis utilizing a variety of investment techniques and

structures, BC Partners will implement on behalf of a Credit Fund whatever strategies or discretionary approaches it believes from time to time may be best suited to prevailing credit market conditions in furtherance of that purpose, subject to the limitations set forth in the applicable Governing Documents. There can be no assurance that BC Partners will be successful in implementing any particular aspect of a Credit Fund's credit-oriented investment strategy or that it will be able to effectively achieve the applicable Credit Fund's trading or investment activities. Furthermore, a Credit Fund's investment strategies may evolve over time and/or involve risks that are not described in the Governing Documents of the applicable Credit Fund, which could prove substantial and impact the Credit Fund's investment program.

Competition for Credit Investment Opportunities. Competition in the credit markets generally, and in the market for investing in private credit in regions such as the U.S. and Europe in particular, has increased significantly over recent years as investors continue to search for attractive risk-adjusted returns in a low yield global credit environment. Continued low interest rates have created a shift in capital mobility towards fixed income instruments and credit investments in the U.S., which has increased competition for investment opportunities and which may adversely impact the ability of a Credit Fund to capitalize on attractive investment opportunities (and/or obtain favorable pricing with respect thereto). Accordingly, while BC Partners believes that investing in credit remains an attractive strategy, there is significant competition for attractively priced investments that may impact a Credit Fund's ability to locate, complete and exit attractive credit-oriented investments.

Event-Driven and Special Situations. Certain Credit Funds may pursue "event-driven" strategies and special situation investing and are expected to invest in securities, instruments and other obligations of companies or issuers in special situations that involve significant financial or business activities such as recapitalizations, spin-offs, restructurings, reorganization, bankruptcy, litigation, corporate control transactions and other corporate events, which may involve financial distress or otherwise relate to "stressed" credit instruments (as described below). Although such investments may result in significant returns to a Credit Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in such investments is high. There is no assurance that a Credit Fund will correctly evaluate the value of such investments or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization, liquidation proceeding or other corporate activity involving special situations in respect of a company or issuer in which a Credit Fund invests, the Credit Fund may lose its entire investment, may be required to accept cash or securities or assets with a value less than the Credit Fund's original investments and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from that investment may not compensate the limited partners of such Credit Fund adequately for the risks assumed. Troubled company investments and other distressed or special situation investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the general partner of the applicable Credit Fund or BC Partners. To the extent that the general partner or BC Partners becomes involved in such proceedings, a Credit Fund may have a more active participation in the affairs of the company than that assumed generally by an investor. In addition, involvement by BC Partners in a company's reorganization proceedings could result in the imposition of restrictions limiting a Credit Fund's ability to liquidate their position in the relevant issuer or investment.

In the case of certain event-driven investments, the price offered for securities of a company or issuer involved in a corporate transaction (including an announced deal) can generally represent a significant premium above the prevailing market price. Therefore, the value of such securities held by a Credit Fund may decline in the event the proposed transaction is not consummated and if the market price of the securities returns to a level comparable to the price prior to the announcement of any such corporate transaction. Furthermore, the difference between the price paid by the Credit Fund for securities of a company involved in a corporate transaction (including an announced deal) and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. If the proposed transaction appears likely not to be consummated or, in fact, is not consummated or is delayed, the market price of the securities will usually decline.

Dislocated Structured Credit; Regulatory Capital Investments. The Credit Funds expect to capitalize on credit-oriented investment opportunities which may arise as a result of the dislocation of credit markets and/or lenders' balance sheet pressures, such as primary and secondary structured products, regulatory capital relief and mortgage servicing rights. The value of such investments can be subject to fluctuations when capital markets are dislocated as a result of volatility in such markets. The valuation of investments is more subjective when markets are illiquid and may increase the risk that the estimated fair value of an Investment is not reflective of prices at which actual transactions would occur. Furthermore, changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in decreased regulatory capital requirements in the case of banks or similarly regulated entities, which may in turn (1) increase competition for attractively priced investments and (2) reduce the number of attractive investment opportunities available to a Credit Fund arising from current regulatory capital requirements (e.g., the need for banking institutions to divest certain assets and debt instruments to meet their regulatory capital requirements).

Diversification. The Governing Documents of a Credit Fund may contain restrictions with respect to the diversification of the applicable Credit Fund's investments. For example, in certain Credit Funds, not more than 20% of the aggregate capital commitments may be invested at any time in investments issued by a single issuer (other than in the case of investments in structured products/pools and/or designated bridge investments as more fully set forth in the applicable Governing Documents). Other than the restrictions set forth in the applicable Governing Documents, the general partner of a Credit Fund may allocate a Credit Fund's capital among the investments as it determines in its sole discretion, subject to the goal of maximizing the returns of all limited partners of the Credit Fund, and investors will have no assurances with respect to the diversification or geographic concentration of the Credit Fund's investment program. As such, the aggregate return of a Credit Fund may be dependent on a handful of investments (and, therefore, may be adversely affected by the unfavorable performance of even a single investment). In the event a Credit Fund invests in structured products or pools of loans, the diversification limitations set forth in the applicable Governing Documents will be applied separately to each underlying issuer and/or borrower comprising such structured product or pool. Further, investments made with a view towards syndication, including designated bridge investments, will not be subject to the diversification limitations in the applicable Governing Documents. For investments where a general partner intends to sell down, syndicate or refinance all or a portion of the capital invested (including, without limitation, designated bridge investments), there is a risk that such sell down or refinancing may not be completed. The foregoing may result in a Credit Fund being

concentrated in a smaller number of investments and/or underlying issuers than desired and could result in lower overall returns. To the extent a Credit Fund concentrates investments in a particular issuer, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular issuer or region. These risks may be further pronounced in cases where an investment is secured by a relatively small or less diverse pool of underlying loans or real estate assets. Default risks may be further pronounced in the case of investments in debt instruments (or pools thereof) relating to a single or small number of issuers or loans relating to a specific geographic region, thereby increasing a Credit Fund's concentration risk with respect thereto.

Leveraged Yield Strategies. Certain Credit Funds expect to utilize leverage as part of their investment program, including as a means of increasing returns to investors. Leverage may take the form of borrowing at the Credit Fund-level or investment-level, asset-backed borrowing, repurchase agreements, reverse repurchase agreements, trading on margin, synthetic instruments, among others. The use of leverage creates opportunity for greater total returns, but at the same time involves an increase in the risk of loss among other risks. For additional information on the risks associated with the use of leverage, see "*Leverage*" above.

Structured Products. A Credit Fund will invest from time to time in structured products, including CLOs and other pools of loans. A Credit Fund's investments in structured products will be subject to a number of risks, including risks related to the fact that the structured products will be leveraged. Many structured products contain covenants designed to protect the providers of debt financing to such structured products. A failure to satisfy those covenants could result in the untimely liquidation of the structured product and a complete loss of a Credit Fund's investment therein. In addition, if the particular structured product is invested in a security in which a Credit Fund is also invested, this would tend to increase the Credit Fund's overall exposure to the credit of the issuer of such securities. The value of an investment in a structured product will depend on the investment performance of the underlying assets or interests in which the structured product invests and will, therefore, be subject to all of the risks associated with an investment in those underlying assets or interests. These risks include the possibility of a default by, or bankruptcy of, the issuers of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other creditors under applicable law. Any such structured products may include one or more underlying issuers in which one or more of BC Partners' other investment funds, investment vehicles and/or accounts have or subsequently acquire an interest, including portfolio companies of the other Funds. In addition, in the case where a Credit Fund invests in structured products (including CLOs and other pools or portfolios of loans and credit instruments), the diversification limitations set forth in the applicable Governing Documents of such Credit Fund will be applied separately to each underlying issuer and/or borrower comprising such structured product. This may result in concentration of a Credit Fund's investments in a limited number of structured products or issuers and the Credit Fund will be permitted to invest in structured products in excess of its diversification limitations, which may increase the overall risk/concentration of a Credit Fund's investment portfolio.

"Mezzanine" Lending and Subordinated Debt. A Credit Fund is expected to invest from time to time in "mezzanine" loans, privately held credit and other debt instruments that may be subordinated or otherwise junior in an issuer's and/or borrower's capital structure. To the extent a

Credit Fund invests in subordinated debt or “mezzanine” debt investments, such investments and the Credit Fund’s remedies will be subject to the rights of holders of more senior tranches in an issuer’s capital structure and, to the extent applicable, contractual inter-creditor, co-lender and/or participation agreement provisions. Moreover, the ability of a Credit Fund to influence an issuer’s affairs, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors.

Investments in subordinated debt (including junior and “mezzanine” debt, and junior tranches of structured credit products) involve greater credit risk of default and loss than the more senior classes of or tranches of debt and absorb losses from default before other more senior tranches of such instruments (or structured credit products), particularly if such instruments (or securities) have been issued with little or no credit enhancement or equity. As a result, to the extent a Credit Fund invests in subordinate debt instruments, the Credit Fund must bear the risk of losses or defaults before more senior lenders.

Discounted/Undervalued Investments. A Credit Fund’s investment strategy with respect to certain types of investments may be based, in part, upon the premise that certain investments (either held directly or through a CLO (defined below)) that are otherwise performing may from time to time be available for purchase by the Credit Fund at “undervalued” prices. Purchasing interests at what may appear to be “undervalued” or “discounted” levels is no guarantee that these investments will generate attractive risk-adjusted returns to any Credit Fund or will not be subject to further reductions in value. No assurance can be given that investments can be acquired or realized at favorable prices or that the market for such interests will continue to improve since this depends, in part, upon events and factors outside the control of the general partner of a Credit Fund and BC Partners.

Hedging Policies/Risks. A Credit Fund may (but is not required to) utilize a wide variety of derivative financial instruments for risk management purposes. The successful utilization of hedging and risk management transactions requires skills that are separate from the skills used in selecting and monitoring investments, and such transactions may entail greater than ordinary investment risks. Additionally, costs related to hedging arrangements will be borne by the applicable Credit Fund. There can be no assurance that any such hedging transactions will be effective in mitigating risk in all market conditions or against all types of risk (including unidentified or unanticipated risks or where BC Partners does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of engaging in hedging), thereby resulting in losses to the Credit Fund. Engaging in hedging transactions may result in a poorer overall performance for a Fund than if it had not engaged in any such hedging transaction, and BC Partners may not be able to effectively hedge against, or accurately anticipate, certain risks that may adversely affect a Credit Fund’s investment portfolio.

Equity and Equity-Like Investments. A Credit Fund is expected to also invest in structured and/or preferred equity interests, convertible securities, warrants and otherwise in securities that have equity-like features and may otherwise end up owning equity securities as part of making or owning a debt instrument (e.g., in the case of foreclosure). Any equity interest owned by a Credit Fund will generally rank junior to all existing and future indebtedness, including commercial mezzanine loans and senior debt. Further, in the event of a bankruptcy, liquidation, reorganization

or other winding-up with respect to an issuer in which a Credit Fund holds an equity interest, the Credit Fund will bear a risk of loss of principal as such interests are not generally secured.

Market/Interest Rate Fluctuations. In respect of any Credit Clients, general fluctuations in credit prices/spreads, valuations, and/or interest rates may adversely affect the value of a Credit Client's Portfolio Investments. The ability of Portfolio Investments to repay debt obligations (including making payments to a Credit Client as a creditor with respect thereto) and/or to refinance debt instruments may depend on their ability to obtain financing. Interest rate changes may also affect the value of a debt instrument directly or indirectly. In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price.

Any deterioration of the global debt markets (particularly the U.S. and European debt markets), any possible future failures of certain U.S. and European companies and/or increases in interest rates, taxes and/or market risk and credit spreads may adversely affect a Credit Client's ability to generate attractive risk-adjusted investment returns.

Any downturn in the U.S., European Union and global economies may also adversely affect the financial resources and credit quality of the underlying issuers of any debt instruments in which a Credit Client may invest, resulting in the inability of such issuers to make principal and interest payments on, or refinance, outstanding debt obligations when due. Any such defaults may have an adverse effect on a Credit Client's Portfolio Investments. The foregoing factors and market conditions may also have an adverse impact on the availability of credit to businesses generally, which in turn may adversely affect or restrict the ability of a Credit Client to sell or liquidate Investments at favorable times or at favorable prices or which otherwise may have an adverse impact on the business and operations of such Credit Client.

Syndication Risks. A Credit Fund expects to acquire and/or originate loans and/or other debt instruments (or pools thereof) with the intention of syndicating to third parties all or a portion of its Investment following the initial signing or consummation thereof (including in connection with designated bridge investments). Investments made with a view towards syndication, including designated bridge investments, will not be subject to the diversification limitations in the Governing Documents of the applicable Credit Fund, which would be expected to increase the overall concentration of the Credit Fund's investment portfolio in a relatively small number of investments and issuers. There can be no assurance that any intended syndication will be completed in whole or in part, and/or that the terms thereof will be advantageous to any Credit Fund, which may adversely affect the performance of such Portfolio Investment. Any failure to syndicate such loans and/or other interests would similarly be expected to increase the concentration of a Credit Fund's investment portfolio and its susceptibility to adverse changes in the performance and/or creditworthiness of a small number of investments or issuers.

"Spread Widening" Risks. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances, deterioration in certain segments of the credit markets, or other forces), the prices of instruments in which a Credit Fund invests may decline substantially and credit spreads may widen. It may not be possible to predict, or to hedge against, such "spread widening" risk.

Investments in Less Established Companies. Certain Credit Funds may invest in securities and interests of less established portfolio companies. Investments in such early stage companies may involve greater risks than generally are associated with investments in more established companies, including the potential for more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalisations and fewer resources and, therefore, often are more vulnerable to financial failure, competitors' actions and marked conditions. Such companies tend to have shorter operating histories by which to judge performance and, in many cases, have negative cash flow. The above challenges increase the risk of these companies defaulting on their obligations.

Derivatives. A Credit Fund may invest in derivative instruments. Investing in derivative instruments presents various risks, including lack of liquidity and risks of purchasing outside of an exchange. The prices of derivative instruments, including swaps, futures, forwards, options and warrants, are highly volatile and such instruments may subject a Credit Fund to significant losses. A Credit Fund may buy or sell call options, put options and other derivatives on a "covered" or "uncovered" basis. Such derivatives and other customized instruments also are subject to the risk of non-performance by the relevant counterparty. Derivative instruments that may be purchased or sold by a Credit Fund may include instruments not traded over-the-counter or on an exchange. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which a Credit Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. Such over-the-counter derivatives are also subject to types and levels of investor protections or governmental regulation that may differ from exchange traded instruments.

In respect of options, when a Credit Fund sells ("writes") an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying investment above the exercise price. The risk is theoretically unlimited unless the option is "covered." The instruments necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, or only available at much higher prices, thereby reducing or eliminating the value of the premium received. Purchasing instruments to cover the exercise of an uncovered call option can cause the price of the instruments to increase, thereby exacerbating the loss. If the option is covered, a Credit Fund would forego the opportunity for profit on the underlying investment should the market price of the investment rise above the exercise price. If the price of the underlying investment were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss a Credit Fund might suffer as a result of owning the investment.

In addition, BC Partners may cause a Credit Fund to take advantage of investment opportunities with respect to derivative instruments that are neither presently contemplated nor currently available, but which may be developed in the future, to the extent such opportunities are both consistent with a Credit Fund's investment objectives and legally permissible. Any such investments may expose a Credit Fund to unique and presently indeterminate risks, the impact of which may not be capable of determination until such instruments are developed and/or BC Partners determines to make such an investment on behalf of the Credit Fund.

Secured Loans and Bank Debt. A Credit Fund is expected to invest in secured loans and secured bank debt. The factors affecting an issuer's secured loans and/or such bank debt and related capital

structures are complex. Not all secured loans or bank debt have priority over all other unsecured debt of an issuer. Secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate risk. Although the amount and characteristics of the underlying assets selected as collateral may allow a Credit Fund to withstand certain assumed deficiencies in payments occasioned by the borrower's default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be sufficient to satisfy the amount of principal and interest owing to the Credit Fund in respect of its investment.

Senior secured credit facilities are generally syndicated to a number of different financial market participants. The documentation governing such facilities typically requires either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. As a result of these voting regimes, a Credit Fund may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of debts owed to the Credit Fund.

Debt securities are also subject to other risks, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance", (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) "lender liability" claims by the issuer of the obligations and (v) environmental or other liabilities that may arise with respect to collateral securing the obligations. Decisions in bankruptcy cases have held that a secondary loan market assignee can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either (a) received and did not return a preference or fraudulent conveyance or (b) engaged in conduct that would qualify for equitable subordination.

A Credit Fund's investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Credit Fund earlier than expected. As a consequence, a Credit Fund's ability to achieve its investment objective may be adversely affected.

Capital Structure Arbitrage. In certain circumstances, the execution of certain aspects of a Credit Fund's investing strategy involves the ability of BC Partners to identify and exploit the relationships between movements in different securities and instruments within an issuer's or borrower's capital structure (e.g., senior bank debt, second liens, debt securities and other obligations, convertible and non-convertible senior and subordinated debt, preferred equity and common stock). Identification and exploitation of these opportunities involve uncertainty. In the event that the perceived pricing inefficiencies underlying an issuer's securities or instruments were to fail to materialize as expected by BC Partners, a Credit Fund could incur a loss.

Risks Related to Rating Agencies. A Credit Fund may invest in debt securities that have been rated by nationally recognized rating organizations. In general, the ratings of these organizations represent the opinions of such agencies as to the quality of investments that they rate. Such ratings are relative and subjective and are not statements of fact; they are not absolute standards of quality and do not evaluate the market value risk of the investments that are rated. Therefore, there can be no assurance that any such rating will accurately quantify risk. Such agencies may change their

method of valuation of, and the ratings of, securities held by a Credit Fund at any time. The sale price of debt securities may be highly correlated with the rating such debt securities receives from the rating agencies. If an existing investment of a Credit Fund is downgraded, the value of such investment may be adversely affected which in turn may adversely affect the returns to limited partners of the applicable Credit Fund.

Expedited Transactions. In light of the debt-oriented focus of a Credit Fund's investment program, investment analyses and decisions by the general partner of a Credit Fund and BC Partners may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the general partner of a Credit Fund and BC Partners at the time of making an investment decision may be limited, and they may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the general partner of a Credit Fund and BC Partners will have knowledge of all circumstances that may adversely affect an investment. In addition, the general partner of a Credit Fund and BC Partners expect to often rely upon independent consultants in connection with its evaluation and/or diligence of certain proposed investments. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and a Credit Fund may incur liability as a result of such consultants' actions.

High Yield. A Credit Fund may invest in "high yield" bonds that are rated in the lower rating categories, including non-investment grade, by the various credit rating agencies or comparable non-rated securities. Securities in the lower rated categories and comparable non-rated securities are subject to greater risk of loss of principal and interest than higher rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings or comparable non-rated securities in the case of deterioration of general economic conditions.

Stressed Credits; Default Risk; Restructurings and Bankruptcy. The opportunistic credit-oriented investment program of a Credit Fund will include making stressed credit investments and may involve distressed investments and/or investments that become "non-performing" after the acquisition thereof. During an economic downturn or recession, stressed credits are more likely to go into default than securities of other issuers not experiencing financial stress. Securities of stressed credits are also less liquid and more volatile than securities of companies not experiencing financial difficulties, often involving a higher degree of credit and market risk. The success of a Credit Fund's investment strategy may depend, in part, on the ability of the general partner of the applicable Credit Fund and BC Partners to effectuate loan modifications and/or restructure and improve the operations of Portfolio Investments. The activity of identifying and implementing any such restructuring programs and operating improvements entails a high degree of uncertainty. There can be no assurance that the general partner of the applicable Credit Fund and BC Partners will be able to successfully identify and implement such restructuring programs and improvements. These financial difficulties may never be overcome and may cause Portfolio Investments to become subject to bankruptcy or other similar administrative proceedings. Furthermore, bankruptcy laws and similar laws applicable to administrative proceedings may delay the ability of the general partner of the applicable Credit Fund and BC Partners to realize on collateral for loan positions held by a Credit Fund or may adversely affect the priority of such

loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the “cramdown” provisions of the bankruptcy laws.

Distressed Investments. A Credit Fund may invest in distressed situations from time to time (e.g., investments in defaulted, out-of-favor or distressed bank loans and debt securities) or may involve investments that become “non-performing” following the Credit Fund’s acquisition thereof. Certain of a Credit Fund’s investments will therefore include specific securities of companies or other entities that typically are highly leveraged, with significant burdens on cash flow, and therefore involve a high degree of financial risk. Investments may include (i) capital infusions to companies facing liquidity issues or significant debt maturities, (ii) capital to finance operations or growth for companies facing a cyclical downturn, non-recurring losses or contractual issues, (iii) capital infusions or debtor-in-possession financings to companies in bankruptcy, (iv) financing for acquisitions of businesses, frequently from distressed sellers or assets that are non-core to the seller or (v) businesses facing capital structure, cyclical or operational distress. A Credit Fund may also make “rescue” financings ranging from secured debt to equity infusions. In addition, a Credit Fund may also selectively pursue the acquisition of fulcrum securities / loan-to-own debt purchases as a means to gain control of assets upon a restructuring. The securities of portfolio entities described in this paragraph may be considered speculative, and the ability of such companies to pay their debts on schedule could be adversely affected by interest rate movements, changes in the general economic climate or the economic factors affecting a particular industry, or specific developments within such companies. Investments in companies operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is high. There is no assurance that the general partner of the applicable Credit Fund and BC Partners will correctly evaluate the value of the assets collateralizing a Credit Fund’s loans or the prospects for a successful reorganization or similar action.

Risks of Acquiring Non-Performing Debt Instruments, Loans and Participations. A Credit Fund may from time to time invest in non-performing or under-performing credit instruments, loans and other debt investments. A Credit Fund may also invest in credit instruments and loans that, when acquired, are performing but which subsequently become non-performing. This may occur for a variety of reasons, including financial or operational distress of an underlying issuer or with respect to the underlying collateral or in the event of a bankruptcy. Such non-performing instruments or loans may require a substantial amount of workout negotiations, restructuring or bankruptcy filings which may entail, among other things, a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. It is possible that the general partner of the applicable Credit Fund and BC Partners may find it necessary or desirable to foreclose on collateral securing one or more real loans purchased by a Credit Fund. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions, which often prolongs and complicates an already difficult and time-consuming process. In some states or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and payments of its pre-petition debt, and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Asset-Backed Securities. A Credit Fund may invest in asset-backed securities and other structured products, which are securities and instruments backed by mortgages, including CMBS, trade claims, installment sale contracts, credit card receivables or other assets and which include collateralized debt obligations. The investment characteristics of asset-backed securities (“ABS”) differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time. ABS are not secured by an interest in the related collateral. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market’s perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement. In addition, investments in subordinated ABS involve greater credit risk of default than the senior classes of the issue or series. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

CLOs. A Credit Fund may invest in pools and/or tranches of Collateralized Loan Obligation (“CLO”) products (including “equity” or residual tranches) and other securitizations, which are generally limited recourse obligations of the issuer payable solely from the underlying assets of the issuer or proceeds thereof. Consequently, holders of equity or other securities issued by these issuers must rely solely on distributions on its underlying assets or proceeds thereof for payment in respect thereof. The underlying assets of issuers of CLOs may include, without limitation, broadly-syndicated leverage loans, middle-market bank loans, collateralized debt obligation (“CDO”) debt tranches, trust preferred securities, insurance surplus notes, asset-backed securities, mortgages, REITs, high-yield bonds, mezzanine debt, second-lien leverage loans, credit default swaps and emerging market debt and corporate bonds, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks, and may also include assets and/or properties that are owned, directly or indirectly, by one or more other BC Partners vehicles. The aggregate return on CLO equity securities will depend in part upon the ability of each investment manager to actively manage the related portfolio of the assets of such issuers of CLOs.

Non-Controlling Investments; Third-Party Involvement. A Credit Fund may hold debt obligations of issuers as part of a “club” deal, may hold a minority interest in any facility or tranche with respect to such debt obligations and will generally otherwise hold non-controlling interests in portfolio entities. Similarly, a Credit Fund may co-invest with third parties through joint ventures, other entities or similar arrangements, thereby acquiring non-controlling interests in certain investments. In such cases, the Credit Fund will be significantly reliant on the existing management, board of directors and other shareholders of such companies, which may include

representation of other financial investors with whom the Credit Fund is not affiliated and whose interests may conflict with the interests of the Credit Fund. Moreover, such investments may involve risks such as the possibility that a third party partner or co-venturer may have financial difficulties resulting in a negative impact on such Investment, may have economic or business interests or goals that are inconsistent with those of a Credit Fund, may be in a position to take (or block) action in a manner contrary to the Credit Fund's investment objectives, or the increased possibility of default, diminished liquidity or insolvency by the third party partner or co-venturer due to a sustained or general economic downturn. In addition, a Credit Fund may in certain circumstances be liable for the actions of its third-party partners or co-venturers. Investments made with third parties in joint ventures or other entities also may involve compensation arrangements including carried interests and/or other fees payable to such third-party partners or co-venturers, particularly in those circumstances where such third-party partners or co-investors include a management group.

Incurrence of Indebtedness. The Credit Funds expect to utilize leverage as part of their investment program. The use of leverage involves a high degree of financial risk and will increase the exposure of the Portfolio Investments to adverse economic factors such as rising interest rates, downturns in the economy or further deteriorations in the credit markets generally, as more fully described above. Although borrowings by a Credit Fund have the potential to enhance overall returns that exceed such Credit Fund's cost of funds, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Credit Fund's cost of funds. As a result, the possibilities of profit and loss are increased. Borrowing money to take positions provides a Credit Fund with the advantages of leverage, but exposes it to greater market risks and higher current expenses. In addition, borrowings by a Credit Fund may be secured by the capital commitments of the limited partners of the applicable Credit Fund as well as by such Credit Fund's assets. If a Credit Fund defaults on secured indebtedness, the lender may foreclose and such Credit Fund could lose its entire investment in the security for such loan. The exercise by the lenders of their drawdown right under a subscription credit facility (if applicable) would reduce the amount of capital otherwise available to a Credit Fund for making investments and may negatively impact the Credit Fund's ability to make investments or achieve its investment objectives. Limited partners of a Credit Fund may be required to execute an investor acknowledgement for the benefit of the lenders under the subscription credit facility and may be required to acknowledge their obligations to pay their share of indebtedness up to their unfunded capital commitment. Leverage also presents significant tax considerations and risks as described elsewhere herein.

A Credit Fund may incur indebtedness and/or guarantees with one or more other BC Partners vehicles, on a joint and several or cross-collateralized basis (which may be on an investment-by-investment or portfolio wide basis). While such arrangements may be joint and several with respect to a Credit Fund, such arrangements may not necessarily impose reciprocal joint and several obligations on such vehicles. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, a Credit Fund may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness. Moreover, a Credit Fund could also lose its interests in performing Portfolio Investments in the event such performing Portfolio Investments are cross-collateralized with poorly performing or non-performing Portfolio Investments.

Cyber Security. The Adviser, the Credit Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser and the Credit Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, unauthorized third parties may attempt to improperly access modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Credit Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Credit Funds' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investment to lose value.

Data Protection. Regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties which could materially and adversely affect the results or operations of an investment or a portfolio company, each of which could have an adverse impact on a Client. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs may increase and may, therefore, affect any returns that would otherwise be available to investors in a Fund.

The European Union (the "EU") data protection law currently in effect stems from the General Data Protection Regulation (EU 2016/679) (the "GDPR") that came into force across the EU on May 25, 2018 and includes Member States' legislation implementing or complementing the GDPR. The GDPR seeks to harmonize national data protection laws across the EU, whilst at the same time, modernizing the law to address new technological developments. As a regulation, the GDPR is binding on data controllers and data processors in all EU member states without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach and will have a significant impact on data controllers and data processors either with an establishment in the EU, or which offer goods or services to EU data subjects or monitor EU data subjects' behavior within the EU. The GDPR imposes more stringent operational requirements on both data controllers and data processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach.

The current ePrivacy Directive, will be repealed and replaced by the EU Commission's Regulation on Privacy and Electronic Communications (the "ePrivacy Regulation") which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy. The text of the ePrivacy Regulation has been finalized and is currently subject to trilogue negotiations (between the Council of the EU, the European Parliament and the European Commission); however, its date of entry into force is currently uncertain.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Adviser's and any Client's current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on the reputation of the Adviser and such Client.

October 7th Attacks on Israel; Aftermath. On October 7th, 2023, Hamas (an organization which governs Gaza, and which has been designated as a terrorist organization by the United States, the United Kingdom, the European Union, Australia and other nations), committed a terrorist attack within Israel (the "**October 7th Attacks**"). As of the date hereof, Israel and Hamas remain in active armed conflict. The ongoing conflict and rapidly evolving measures in response could have a negative impact on the economy and business activity globally (including in countries in which a Fund invests), and therefore could adversely affect the performance of a Fund's investments. The severity and duration of the conflict and its future impact on global economic and market conditions (including, for example, oil prices) are impossible to predict, and as a result, present material uncertainty and risk with respect to a Fund and the performance of its investments and operations, and the ability of a Fund to achieve its investment objectives. For example, the armed conflict may expand and may ultimately more actively involve the United States, Lebanon (and/or Hezbollah), Syria, Iran and/or other countries or terrorist organizations, any of which may exacerbate the risks described above. Similar risks exist to the extent that any Fund's portfolio company, service providers, vendor or certain other parties have material operations or assets in the Middle East, or the immediate surrounding areas. The United States has announced sanctions and other measures against Hamas-related persons and organizations in response to the October 7th Attacks, and the United States (and/or other countries) may announce further sanctions related to the ongoing conflict in the future. Risks related to sanctions described elsewhere herein apply to such sanctions as well.

Russia-Ukraine Conflict. There is currently an ongoing military conflict between Russia and the Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Credit Funds. This impact may include reductions in revenue and growth, unexpected

operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Credit Fund intends to pursue, all of which could adversely affect the Credit Fund's ability to fulfill its investment objectives.

Financial Institution Risk; Distress Events. An investment in a Credit Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Credit Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a “**Distress Event**”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, BC Partners, any general partner, the Credit Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

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

The Credit Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Credit Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Credit Fund, its investors or such portfolio companies, including the risk of investor defaults.

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

Risks Applicable to the Regulated Funds

Many, but not all, of the risks detailed above in this Item 8 will also apply to the Regulated Funds and the Adviser. To the extent the risks in this section are inconsistent with the risks detailed above, the risks in this section will govern with respect to the Regulated Funds. The risk summary contained herein is intended solely as a summary and is not an exhaustive list of risks, and investors should review the Governing Documents relating to the Regulated Funds for additional information and risk factors.

A Regulated Fund's Board of Directors may change a Regulated Fund's operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse to its results of operations and financial condition. Each board of directors or board of trustees, as applicable ("**Board of Directors**"), of a Regulated Fund has the authority to modify or waive the Regulated Fund's current operating policies, investment criteria and strategies without prior notice and without stockholder approval, subject to certain exceptions. The Regulated Funds cannot predict the effect any changes to the Regulated Funds' current operating policies, investment criteria and strategies would have on the Regulated Funds' business, net asset value, operating results and value of the Regulated Funds' stock. However, the effects might be adverse, which could negatively impact the Regulated Funds' ability to pay a stockholder distributions and cause a stockholder to lose all or part of its investment. Moreover, the Regulated Funds have significant flexibility in investing its assets and may invest in ways investors may not agree with or in ways other than those contemplated in its registration statement.

As required by the 1940 Act, a significant portion of the Regulated Funds' investment portfolio is and will be recorded at fair value and, as a result, there is and will be uncertainty as to the value of its portfolio investments. Under the 1940 Act, the Regulated Funds are required to carry its portfolio investments at market value or, if there is no readily available market value, at fair value determined in good faith in accordance with the Regulated Funds' valuation policy which has been adopted by the Board of Directors. There is not a public market for the securities of the privately-held companies in which the Regulated Funds invest. Most of the Regulated Funds' investments will not be publicly traded or actively traded on a secondary market. As a result, the Regulated Funds value these securities quarterly at fair value determined in good faith

as required by the 1940 Act. Due to this uncertainty, the Regulated Funds' fair value determinations may cause its net asset value on a given date to materially differ from the value that the Regulated Funds' may ultimately realize upon the sale of one or more of its investments.

The amount of any distributions the Regulated Funds may make is uncertain. The Regulated Funds' distributions may exceed the Regulated Funds' earnings. Therefore, portions of the distributions that the Regulated Funds' make may represent a return of capital to a stockholder that will lower a stockholder's tax basis in the stockholder's common stock and reduce the amount of funds the Regulated Funds' have for investment in targeted assets. The Regulated Funds' may fund cash distributions to stockholders from any sources of funds available, including offering proceeds, borrowings, net investment income from operations, capital gains proceeds from the sale of assets, non-capital gains proceeds from the sale of assets, dividends or other distributions paid to it on account of preferred and common equity investments in portfolio companies and expense reimbursements from the Adviser or BC Partners, which are subject to recoupment. The Regulated Funds' ability to pay distributions might be adversely affected by, among other things, the impact of one or more of the risk factors described in its registration statement. In addition, the inability to satisfy the asset coverage test applicable to the Regulated Funds' may limit its ability to pay distributions. All distributions are and will be paid at the discretion of the Board of Directors and will depend on the Regulated Funds' earnings, the Regulated Funds' financial condition, maintenance of the Regulated Funds' RIC status, compliance with applicable business development company regulations, registered interval fund regulations and state law and such other factors as the Board of Directors may deem relevant from time to time. The Regulated Funds cannot assure a stockholder that the Regulated Funds will continue to pay distributions to its stockholders in the future. In the event that the Regulated Funds encounter delays in locating suitable investment opportunities, the Regulated Funds may pay all or a substantial portion of its distributions from borrowings in anticipation of future cash flow, which may constitute a return of a stockholder's capital. A return of capital is a return of a stockholder's investment, rather than a return of earnings or gains derived from the Regulated Funds investment activities. A stockholder will not be subject to immediate taxation on the amount of any distribution treated as a return of capital to the extent of the stockholder's basis in its shares; however, the stockholder's basis in its shares will be reduced (but not below zero) by the amount of the return of capital, which will result in the stockholder recognizing additional gain (or a lower loss) when the shares are sold. To the extent that the amount of the return of capital exceeds the stockholder's basis in its shares, such excess amount will be treated as gain from the sale of the stockholder's shares. Distributions from borrowings also could reduce the amount of capital the Regulated Funds ultimately invest in its portfolio companies.

As a public reporting company, the BDCs are subject to regulations not applicable to private companies, such as provisions of the Sarbanes-Oxley Act. Efforts to comply with such regulations will involve significant expenditures, and non-compliance with such regulations may adversely affect the BDCs. The BDCs incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the 1934 Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"). These requirements may place a strain on the BDCs' systems and resources. The 1934 Act requires that BDCs' file annual, quarterly and current reports with respect to their business and financial condition. The Sarbanes-Oxley Act requires that the BDCs' maintain effective disclosure controls

and procedures and internal control over financial reporting, which requires significant resources and management oversight. These activities may divert management's attention from other business concerns, which could have a material adverse effect on the BDCs' business, financial condition, results of operations and cash flows. With respect to the BCP BDC, the systems and resources necessary to comply with public company reporting requirements will increase further once it ceases to be an "emerging growth company" under the JOBS Act. The BDCs have incurred, and expect to incur in the future, significant additional annual expenses related to these steps, director fees, reporting requirements of the SEC, increased auditing and legal fees and similar expenses associated with being a public reporting company.

Recent legislation permits the BDCs to incur additional leverage. Prior to the Small Business Credit Availability Act being signed into law, a business development company generally was not permitted to incur indebtedness unless immediately after such borrowing it had an asset coverage for total borrowings of at least 200% (i.e., a 1:1 leverage-to-equity ratio). The Small Business Credit Availability Act, signed into law on March 23, 2018, contains a provision that grants a business development company the option, subject to certain conditions and disclosure obligations, to increase the leverage of its portfolio to a maximum of 2:1. The BCP BDCs' initial stockholder and the PTMN's board of directors have each approved each BDC's ability to utilize the increased leverage limit, which requires asset coverage of at least 150%. As a result, the BDCs are permitted to incur additional indebtedness, and, therefore, the risk of an investment in the BDCs' common stock may increase.

The requirement that the BDCs invest a sufficient portion of the BDCs' assets in qualifying assets could preclude it from investing in accordance with its current business strategy; conversely, the failure to invest a sufficient portion of the BDCs' assets in qualifying assets could result in the BDCs' failure to maintain its status as a business development company. As a business development company, the BDCs may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of the BDCs' total assets are qualifying assets. Therefore, the BDCs may be precluded from investing in what the BDCs believe are attractive investments if such investments are not qualifying assets. Conversely, if the BDCs fail to invest a sufficient portion of the BDCs' assets in qualifying assets, the BDCs could lose their status as a business development company, which would have a material adverse effect on the BDCs' business, financial condition and results of operations. Similarly, these rules could prevent the BDCs from making additional investments in existing portfolio companies, which could result in the dilution of the BDCs' position, or could require it to dispose of investments at an inopportune time to comply with the 1940 Act. If the BDCs were forced to sell non-qualifying investments in the portfolio for compliance purposes, the proceeds from such sale could be significantly less than the current value of such investments.

Failure to maintain the BDCs' status as a business development company would reduce the BDCs' operating flexibility. If the BDCs do not remain a business development company, the BDCs may be regulated as a registered closed-end investment company under the 1940 Act, which would subject it to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease the BDCs' operating flexibility.

Regulations governing the Regulated Funds' operation as a business development company or registered interval fund (as applicable) and RIC will affect the Regulated Funds' ability

to raise, and the way in which the Regulated Funds raise, additional capital or borrow for investment purposes, which may have a negative effect on the Regulated Funds' growth. As a result of the annual distribution requirement to qualify as a RIC, the Regulated Funds may need to periodically access the capital markets to raise cash to fund new investments. The Regulated Funds may issue "senior securities," as defined under the 1940 Act, including borrowing money from banks or other financial institutions only in amounts such that the Regulated Funds asset coverage, as defined in the 1940 Act, equals at least the applicable amount specified under the 1940 Act after such incurrence or issuance. The Regulated Funds ability to issue different types of securities is also limited. Compliance with these requirements may unfavorably limit the Regulated Funds' investment opportunities and reduce the Regulated Funds' ability in comparison to other companies to profit from favorable spreads between the rates at which the Regulated Funds can borrow and the rates at which the Regulated Funds can lend. Regulated Funds intend to continuously issue equity at a rate more frequent than the BDCs' privately owned competitors, which may lead to greater stockholder dilution.

The Regulated Funds expect to borrow for investment purposes. If the value of the Regulated Funds' assets declines, the Regulated Funds may be unable to satisfy the asset coverage test, which would prohibit it from paying distributions and could prevent it from qualifying as a RIC. If the Regulated Funds cannot satisfy the asset coverage test, the Regulated Funds may be required to sell a portion of the Regulated Funds' investments and, depending on the nature of the Regulated Funds' debt financing, repay a portion of the Regulated Funds' indebtedness at a time when such sales may be disadvantageous.

Under the 1940 Act, the Regulated Funds generally are prohibited from issuing or selling the Regulated Funds' common stock at a price per share, after deducting selling commissions and dealer manager fees, that is below the Regulated Funds' net asset value per share, which may be a disadvantage as compared with other public companies. The BDCs may, however, sell the BDCs' common stock, or warrants, options or rights to acquire the BDCs' common stock, at a price below the current net asset value of the BDCs' common stock if the Board of Directors, including the independent directors, determine that such sale is in the BDCs' best interests and the best interests of its stockholders, and the BDCs' stockholders, as well as those stockholders that are not affiliated with it, approve such sale. In any such case, the price at which the BDCs' securities are to be issued and sold may not be less than a price that, in the determination of the Board of Directors, closely approximates the fair value of such securities.

The Regulated Funds' ability to enter into transactions with its affiliates is restricted. The Regulated Funds' are prohibited under the 1940 Act from participating in certain transactions with certain affiliates, except in certain cases with the prior approval of a majority of the independent members of the Board of Directors and, in some other cases, the SEC. Any person that owns, directly or indirectly, 5% or more of the Regulated Funds' outstanding voting securities will be its affiliate for purposes of the 1940 Act and generally the Regulated Funds will be prohibited from buying or selling any securities from or to such affiliate, absent an exemption. The 1940 Act also prohibits certain "joint" transactions with certain of the Regulated Funds' affiliates, which could include investments in the same portfolio company (whether at the same or closely related times), absent an exemption. If a person acquires more than 25% of a Regulated Fund's voting securities, the Regulated Fund will be prohibited from buying or selling any security from or to such person or certain of that person's affiliates, or entering into prohibited joint transactions with such persons,

absent an exemption. Similar restrictions limit the Regulated Funds' ability to transact business with the Regulated Funds' officers, directors, investment advisers, sub-advisers or their affiliates. As a result of these restrictions, the Regulated Funds' may be prohibited from buying or selling any security from or to any fund or any portfolio company of a fund managed by the Adviser or BC Partners, or entering into joint arrangements such as certain co-investments with these companies or funds without the prior approval of the SEC, which may limit the scope of investment opportunities that would otherwise be available to the Regulated Funds.

On April 10, 2023, the SEC issued an order (the “*Co-Investment Order*”) granting the application made by BC Partners' credit platform for exemptive relief to co-invest, subject to the satisfaction of certain conditions, in certain private placement transactions, with other funds managed by BC Partners Advisors L.P. or its affiliates, and any future funds that are advised by BC Partners Advisors L.P. or its affiliated investment advisers, including the PTMN and AltCIF. Further, certain of the Regulated Funds' affiliates may be regulated entities, and regulatory restrictions applicable to such affiliates may restrict certain of the Regulated Funds' activities.

The BDCs are non-diversified investment companies within the meaning of the 1940 Act, and therefore the BDCs are not limited with respect to the proportion of the BDCs' assets that may be invested in securities of a single issuer. The BDCs are classified as non-diversified investment companies within the meaning of the 1940 Act, which means that the BDCs are not limited by the 1940 Act with respect to the proportion of the BDCs' assets that the BDCs may invest in securities of a single issuer. To the extent that the BDCs assume large positions in the securities of a small number of issuers, or within a particular industry, the BDCs' net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. The BDCs may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company or to a general downturn in the economy. However, the BDCs will be subject to the diversification requirements applicable to RICs under Subchapter M of the Code.

AltCIF is diversified within the meaning of the 1940 Act, and therefore is limited with respect to the portion of the fund's assets that may be invested in securities of a single issuer. To the extent AltCIF is limited from investing the fund's assets in the securities of a single issuer or within a particular industry, AltCIF's exposure to profitable investment opportunities or to issuers or industries that the Adviser otherwise believes to be high quality may be constrained by the diversification limits imposed by the 1940 Act. AltCIF's NAV may be more susceptible to broad pricing movements in the marketplace and less exposed to issuers or industries that outperform the broader market than a non-diversified investment company.

International investments create additional risks. The Regulated Funds expect to make investments in portfolio companies that are domiciled outside of the United States. The BDCs anticipate that up to 30% of each BDC's investments may be in assets located in jurisdictions outside the United States. The BDCs' investments in foreign portfolio companies are deemed “non-qualifying assets,” which means, as required by the 1940 Act, they may not constitute more than 30% of each BDC's total assets at the time of the respective BDC's acquisition of any asset, after giving effect to the acquisition.

The Regulated Funds will be subject to corporate-level income tax if the Regulated Funds are unable to qualify as a RIC under Subchapter M of the Code or to satisfy RIC distribution requirements. To obtain and maintain RIC tax treatment under Subchapter M of the Code, the Regulated Funds must, among other things, meet annual distribution, income source and asset diversification requirements. Because the Regulated Funds' use debt financing, they are subject to asset coverage ratio requirements under the 1940 Act, and they are subject to certain covenants contained in credit agreements and other debt financing agreements. These asset coverage ratio requirements and these covenants could, under certain circumstances, restrict the Regulated Funds from making distributions to stockholders that are necessary for the Regulated Funds to satisfy the distribution requirement. If the Regulated Funds are unable to obtain cash from other sources, and thus are unable to make sufficient distributions to stockholders, the Regulated Funds could fail to maintain their RIC status and thus become subject to corporate-level U.S. federal income tax (and any applicable U.S. state and local taxes). If the Regulated Funds fail to qualify for or maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce the Regulated Funds' net assets, the amount of income available for distribution and the amount of the Regulated Funds' distributions.

The Regulated Funds may have difficulty paying required distributions if the Regulated Funds recognize income before or without receiving cash representing such income. For federal income tax purposes, the Regulated Funds may be required to recognize taxable income in circumstances in which the Regulated Funds do not receive a corresponding payment in cash. For example, if the Regulated Funds hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK, secondary market purchases of debt securities at a discount to par, interest or, in certain cases, increasing interest rates or debt instruments that were issued with warrants), the Regulated Funds must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. The Regulated Funds may also have to include in income other amounts that the Regulated Funds have not yet received in cash, such as unrealized appreciation for foreign currency forward contracts and deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. Furthermore, the Regulated Funds may invest in non-U.S. corporations (or other non-U.S. entities treated as corporations for U.S. federal income tax purposes) that could be treated under the Code and U.S. Treasury regulations as "passive foreign investment companies" and/or "controlled foreign corporations." The rules relating to investment in these types of non-U.S. entities are designed to ensure that U.S. taxpayers are either, in effect, taxed currently (or on an accelerated basis with respect to corporate-level events) or taxed at increased tax rates at distribution or disposition. In certain circumstances this could require the Regulated Funds to recognize income where the Regulated Funds do not receive a corresponding payment in cash.

Unrealized appreciation on derivatives, such as foreign currency forward contracts, may be included in taxable income while the receipt of cash may occur in a subsequent period when the related contract expires. Any unrealized depreciation on investments that the foreign currency forward contracts are designed to hedge are not currently deductible for tax purposes. This can result in increased taxable income whereby the Regulated Funds may not have sufficient cash to pay distributions or the Regulated Funds may opt to retain such taxable income and pay a 4%

excise tax. In such cases the Regulated Funds could still rely upon the “spillback provisions” to maintain RIC tax treatment.

The Regulated Funds anticipate that a portion of their income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash. Further, the Regulated Funds may elect to amortize market discounts with respect to debt securities acquired in the secondary market and include such amounts in their taxable income in the current year, instead of upon disposition, as an election not to do so would limit their ability to deduct interest expenses for tax purposes. Because any original issue discount or other amounts accrued will be included in their investment company taxable income for the year of the accrual, the BDCs may be required to make a distribution to their stockholders in order to satisfy the annual distribution requirement, even though the Regulated Funds will not have received any corresponding cash amount. As a result, the Regulated Funds may have difficulty meeting the annual distribution requirement necessary to qualify for and maintain RIC tax treatment under the Code. The Regulated Funds may have to sell some of their investments at times and/or at prices the Regulated Funds would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If the Regulated Funds are not able to obtain cash from other sources, the Regulated Funds may fail to qualify for or maintain RIC tax treatment and thus become subject to corporate-level income tax.

If the Regulated Funds do not qualify as a “publicly offered regulated investment company,” as defined in the Code, a non-corporate shareholder will be taxed as though it received a distribution of some of the Regulated Funds’ expenses. A “publicly offered regulated investment company” or “publicly offered RIC” is a RIC whose shares are either (i) continuously offered pursuant to a public offering within the meaning of Section 4 of the 1933 Act, (ii) regularly traded on an established securities market or (iii) held by at least 500 persons at all times during the taxable year. The BCP BDC anticipates that they will not immediately qualify as a publicly offered RIC, although the BCP BDC may qualify as a publicly offered RIC for future years. If the BDCs are not a publicly offered RIC for any period, a non-corporate shareholder’s allocable portion of the BDCs’ affected expenses, including the BDCs’ management fees, will be treated as an additional distribution to the shareholder and will be treated as miscellaneous itemized deductions that are deductible only to the extent permitted by applicable law.

A stockholder’s interest in the Regulated Funds will be diluted if the Regulated Funds issue additional shares of common stock, which could reduce the overall value of an investment in the Regulated Funds. Potential investors will not have preemptive rights to purchase any common stock the Regulated Funds issue in the future. To the extent that the Regulated Funds issue additional shares of common stock at or below net asset value after an investor purchases shares of the Regulated Funds’ common stock, an investor’s percentage ownership interest in the Regulated Funds will be diluted. In addition, depending upon the terms and pricing of any additional offerings and the value of the Regulated Funds’ investments, an investor may also experience dilution in the book value and fair value of his or her shares of common stock.

Risks Applicable to CLOs

CLO Structure. A CLO is similar to a closed-end investment fund in that it is an investment vehicle that has a specific investment strategy, a designated investment manager and all

investment/trading activity is governed by an indenture and reported upon by an independent trustee. The CLO structure, however, utilizes financial leverage to purchase assets (corporate loans and other credit instruments) and, by doing so, allocates risk of loss among various classes of investors. The individual investor classes (or tranches of debt) each have a unique claim on the assets of the CLO in terms of their priority of payment for both interest and principal proceeds of the collateral. The senior debt tranches have a priority claim on the cash flows generated by the assets of the CLO over the junior debt tranches. To the extent that losses are suffered on the collateral, or the cash flow generated by the assets is not sufficient to pay interest and principal on the debt tranches, the holder(s) of the most subordinated notes bear the initial risk of loss before any such losses are incurred by more senior debt tranches. Additional risks associated with CLO structure are referenced in the clients' respective CLO indentures.

The Adviser and BC Partners have limited prior experience managing a CLO. The Adviser and BC Partners have limited experience managing a Collateralized Loan Obligation private fund and may not be able to successfully operate the CLO's business or achieve the CLO's investment objectives. As a result, an investment in the CLO's shares of common stock may entail more risk than the shares of common stock of a comparable company with a substantial operating history.

Impact of Downturn in Global Credit Markets on CLO Investments. Among the sectors that have been particularly challenged by a downturn in the global credit markets are the CLO and leveraged finance markets. CLOs are subject to credit, liquidity, interest rate, and other risks. CLO private funds invest on a leveraged basis in loans or securities that are themselves highly leveraged investments in the underlying collateral, which increases both the opportunity for higher returns as well as the magnitude of losses when compared to unleveraged investments. As a result of such leveraged positions, CLOs and their investors are at greater risk of suffering losses. The CLO markets have experienced increased defaults and downgrades. Many CLOs have failed in the past or may in the future fail one or more of their "overcollateralization" tests. The failure of one or more of these "overcollateralization" tests may result in reduced cash flows that may have otherwise been available for distribution. This would reduce the value of such CLO private fund's investments. There can be no assurance that market conditions giving rise to these types of consequences will not once again occur, subsist or become more acute in the future.

The Adviser and Investors Will Have Limited Control of the Administration and Amendment of Portfolio Loans. The Adviser will exercise or enforce, or refrain from exercising or enforcing, any or all of its rights in connection with any loan held in the portfolio collateral (each, a "Portfolio Loan") or any related documents or will refuse or accept amendments or waivers of the terms of any Portfolio Loan and related documents in accordance with its customary business practices as if the Adviser were administering the Portfolio Loans for its own account. The authority of the Adviser to change the terms of the Portfolio Loans will generally not be restricted by the fund's governing documents. Further, holders of any notes, preferred shares or securities (collectively, the "*Notes*") issued by F3C fund clients have no rights to compel the Adviser to take or refrain from taking any actions other than in accordance with its customary business practices.

The terms and conditions of the loan agreements and related assignments may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a super majority (measured by outstanding loans or commitments) or, in

certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation arising from loan agreements could be modified, amended or waived in a manner contrary to the preferences of the Adviser, as the case may be, if a sufficient number of the other lenders were to concur with such modification, amendment or waiver. There can be no assurance that any obligations arising from a loan agreement will maintain the terms and conditions to which the Adviser originally agreed.

The exercise of remedies may also be subject to the vote of a specified percentage of the lenders thereunder. The Adviser will have the authority to consent to certain amendments, waivers or modifications to the Portfolio Loans requested by obligors or the lead agents for loan syndication agreements. The Adviser may, in accordance with its investment management standards and subject to the transaction documents, extend or defer the maturity, adjust the outstanding balance of any Portfolio Loan, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. The Adviser will make such determinations in accordance with its customary investment management standards, and in accordance with a fund's governing documents. Any amendment, waiver or modification of a Portfolio Loan could postpone the expected maturity of the Notes and/or reduce the likelihood of timely and complete payment of interest or principal under the Notes, as well as the timing and amount of payments to holders of the Notes.

Sale of Portfolio Collateral by the Adviser under Certain Circumstances. The Adviser may only direct the disposition of portfolio collateral under certain limited circumstances, as outlined by a fund's governing documents. More specifically, the Adviser may direct the disposition of portfolio collateral that is equity, has defaulted (as defined in the Notes' offering circulars) or based on certain other conditions. Furthermore, the Adviser's ability to dispose of portfolio collateral may be subject to greater restrictions if the rating of any series of Notes is downgraded. Notwithstanding such restrictions and satisfaction of the conditions set forth in the funds' governing documents and Notes' offering circular, sales and purchases by the Adviser of portfolio collateral could result in losses by the Adviser, which losses may result in the reduction or withdrawal of the rating of any or all of the Notes. On the other hand, circumstances may exist under which the Adviser may believe that it is in the best interests of the Adviser to dispose of portfolio collateral, but the Adviser will not be permitted to do so under the restrictions and conditions of the Indenture.

The market value of the portfolio collateral will generally fluctuate with, among other things, general economic conditions, world political events, developments or trends in any particular industry, the conditions of financial markets and the financial condition of the issuers of the portfolio collateral. As a result of these factors, a fund may be subject to losses upon the sale of portfolio collateral.

Risk Factors Relating to Regulatory and Other Legal Considerations

Recent Legal and Regulatory Developments

As a registered investment adviser, the Adviser is subject to new and existing regulations, regulatory risks, costs and expenses associated with operating as registered investment advisers

that may limit their ability to operate, structure or expand their businesses in the future. If these laws, regulations or decisions (or the interpretation or enforcement thereof) change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, the Adviser, PTMN, and F3C may have to incur significant expenses in order to comply or they might have to restrict their operations. Any such changes could also adversely affect the value of investments held by the PTMN and F3C and the ability of the PTMN and F3C to effectively employ their investment and trading strategies. Increased scrutiny and newly-proposed legislation applicable to the alternative asset management industry may also impose significant administrative burdens on the Adviser and may divert time and attention from portfolio management activities. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

Government entities may exercise their discretion to change or increase regulation of a portfolio company's operations, or to implement laws, regulations or policies affecting the portfolio company's operations, separate from any contractual rights they may have, in a manner that causes delays or adversely affects the operation of the business of such portfolio companies and/or the ability of the PTMN and F3C to effectively achieve their investment objectives. A portfolio company (or project) also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company.

Moreover, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) has significantly increased the regulation of the financial services industry. The Dodd-Frank Act contains a broad set of provisions designed to govern the practices and oversight of financial institutions and other participants in the financial markets. One such provision, Section 619 of the Dodd-Frank Act, commonly referred to as the Volcker Rule, contains certain prohibitions and restrictions on the ability of a “banking entity” — which includes insured depository institutions, bank holding companies, foreign banking entities regulated by the Federal Reserve Board and their respective affiliates — and nonbank financial company supervised by the Federal Reserve to engage in proprietary trading and have certain interests in, or relationships with certain private funds (“covered funds”). Under the final regulations implementing the Volcker Rule, which were adopted in December 2013, many CLOs are covered funds if they invest, or are permitted to invest, in assets other than loans, certain cash equivalents and interest rate or currency hedges. As a result, many banking entities, including many U.S. and non-U.S. broker-dealers with affiliated banks, may be unable to invest in, or in some cases to make a market in, the securities of CLOs in which we have invested, which may reduce liquidity in these securities and have a material adverse effect on their valuation. Moreover, the Volcker Rule regulations may affect the market for CLOs such that the Adviser may be unable to establish, or to obtain warehouse funding for, new CLOs that would be covered funds. If the Adviser establishes CLOs that are structured not to be covered funds and thus do not permit investments in customary assets such as corporate bonds, asset-backed securities or synthetic investments, and we invest in such CLOs, the ability of the Adviser to manage such CLOs will be constrained by those limitations, which could materially adversely affect any investments we make in such CLOs.

Certain CLOs are subject to the credit risk retention requirements of the Dodd-Frank Act (the “**U.S. Risk Retention Rules**”). With respect to the regulation of CLOs, the U.S. Risk Retention Rules generally require that one of the CLO sponsors (which, in many cases, will likely also be the manager of a CLO) retain not less than 5% of the credit risk of the assets collateralizing the CLO. The U.S. Risk Retention Rules became effective on December 24, 2016.

Other financial reform regulations, including regulations requiring clearing and margining of swap transactions, which may affect our ability to enter into hedging transactions; changes in the definition and regulation of commodity pool operators and commodity trading advisors, which could subject the Adviser to additional regulations; leveraged lending guidance that may affect the ways in which banking institutions originate the loans in which we and our affiliates invest; heightened regulatory capital and liquidity requirements for banks that may affect our ability to borrow on reasonable terms; and non-US regulations of financial market participants that may overlap, expand upon or be inconsistent with US regulations may all have material adverse effects on our business.

Item 9. Disciplinary Information

There are no items to report in response to this Item.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser provides investment advisory services to Clients as part of the Credit Business and its personnel are provided to it by BCPAL through the Sharing Agreement. The advisory services that the Adviser provides Clients, and that BC Partners provides to the Credit Clients, create conflicts of interests (i) between different Clients of the Adviser and (ii) between Clients of the Adviser and the BC Partners Credit Clients. For example, subject to restrictions in applicable Governing Documents, either the Adviser or BCPAL could advise or manage other clients or types of clients, including additional CLOs or investment vehicles in the future and such funds, and the existing funds, could make investments that would be suitable for Clients. To address conflicts of interest (actual and apparent) and to fulfill the Adviser’s fiduciary duties to each of its Clients, among other things, we intend to allocate investment opportunities in a manner that is fair and equitable over time and is consistent with BC Partners’ allocation policy and to take steps to mitigate conflicts of interest. For more information on this policy and other conflicts of interests relating to the Credit Business, please see Item 11, below.

In addition, BC Partners organizes certain of the Funds, which in certain cases are limited partnerships for which BC Partners (including its affiliates) serves as general partner or exempted companies for which employees or affiliates of BC Partners serve as members of the board of directors. For a description of material conflicts of interest created by these relationships, as well as a description of how such conflicts are addressed, please see Item 11 below.

Affiliated Advisers/General Partners/Financial Institutions

The Adviser’s affiliated financial institutions (or financial institutions under common control) currently include:

- Ability Insurance Company: regulated by the Nebraska Department of Insurance;

- BC Partner Beteiligungsberatung GmbH: organized in Germany;
- BC Partners Advisors L.P.: organized in Delaware and a registered investment adviser under the Advisers Act;
- BC Partners Advisors Sarl: organized in France;
- BC Partners LLP: organized in the United Kingdom and regulated by the United Kingdom Financial Conduct Authority and an exempt reporting adviser under the Advisers Act;
- BC Partners Management GR Limited: organized in Guernsey and regulated by the Guernsey Financial Services Commission;
- BC Partners Management S.a.r.l.: organized in Luxembourg;
- BC Partners Management XI Limited: organized in Guernsey and regulated by the Guernsey Financial Services Commission;
- BC Partners Securities LLC: a US broker dealer regulated by the Financial Industry Regulatory Authority;
- BC Partners XI Lux GP S.a.r.l.: organized in Luxembourg;
- BCP Great Lakes GP LP: organized in the Cayman Islands;
- BCP Special Opportunities Fund I GP LP: organized in the Cayman Islands;
- BCP Special Opportunities Fund II GP LP: organized in the Cayman Islands;
- BCP Special Opportunities Fund II GP (Lux) S.a.r.l.: organized in Luxembourg;
- BCP Special Opportunities Fund III GP LP: organized in Delaware;
- BCP Special Opportunities Fund III GP (Lux) S.a.r.l.: organized in Luxembourg;
- BCEC Management X Limited: organized in Guernsey and regulated by the Guernsey Financial Services Commission;
- BCEC X Lux GP S.a.r.l.: organized in Luxembourg;
- BCPERE Fund I GP S.a.r.l.: organized in Luxembourg;
- CIE Management II Limited: organized in Guernsey and regulated by the Guernsey Financial Services Commission;
- CIE Management IX Limited: organized in Guernsey and regulated by the Guernsey Financial Services Commission;
- Garrison Middle Market Funding GP LLC: organized in Delaware;

- Mount Logan Management, LLC: organized in Delaware and a registered investment adviser under the Advisers Act;
- Mount Logan Middle Market Fund II GP LLC: organized in Delaware;
- Mount Logan Capital Inc.: organized in Toronto, Canada as an alternative investment management company;
- Mount Logan Middle Market Funding GP II LLC: organized in Delaware;
- Ovation Fund Management II, LLC: organized in Delaware;
- Sierra Crest Management LLC: organized in Delaware and a registered investment adviser under the Advisers Act.

The Funds and/or other Credit Clients may from time to time participate in transactions alongside clients of an affiliated adviser. For a description of material conflicts of interest created by the relationship among BC Partners and its affiliate advisers (including the Adviser), as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

BC Partners has adopted a written Code of Ethics that is applicable to all of its partners, officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, “**Adviser Personnel**”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act and also Rule 17j-1 under the 1940 Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Chief Compliance Officer (“**CCO**”) as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client by contacting compliance@bcpartners.com or upon written request to: Sierra Crest Investment Management LLC, Attn: Chief Compliance Officer, 650 Madison Avenue, 23rd Floor, New York, New York 10022.

General Conflicts of Interest

BC Partners engages in a broad range of activities, including investment activities for its own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to the BC Partners Funds, SPACs and Portfolio Investments. In the ordinary course of conducting its activities, the interests of a Client may from time to time conflict with the interests of the Adviser or another BC Partners entity, certain personnel/employees of the Adviser, PE Funds or other BC Partners Credit Clients.

Participation or Interest in Client Transactions

As described in Item 5 – “Fees and Compensation,” in addition to management fees, carried interest and incentive fees, the Adviser and its affiliates can receive transaction fees, break-up fees, commitment fees, investment banking fees, termination fees, closing fees, directors’ fees, asset management fees, consulting fees, origination fees, advisory fees, monitoring and other similar fees with respect to advisory and related services provided in connection with investments by Clients. The Adviser has a conflict of interest in circumstances where it has an opportunity to earn a fee from an acquisition or disposition by a BC Partners Credit Client.

Portfolio companies that may be appropriate investments for Clients may also be appropriate investments for proprietary accounts managed by an affiliated investment adviser or an affiliate of the Adviser. In such cases, the Adviser will have a conflict of interest in allocating investment opportunities in which Clients invest, and such proprietary investment may be senior, *pari passu*, or junior to Client investments. In such cases, investments by proprietary accounts could lead to conflicts of interests with Client investments. Officers and employees of the Adviser or its affiliates may become or are investors with BC Partners Credit Clients (that are not advised by the Adviser), or in general partners or managing members to such Clients and will or may become entitled to distributions on such interest. Such personnel have an incentive to allocate more favorable investment opportunities to such Clients away by Clients.

The Adviser’s collateral management agreements and sub-investment management agreements with affiliated Collateral Managers authorize it to buy securities from, and to sell securities to, its clients. These agreements also authorize the Adviser to arrange for buying and selling of securities between clients, on the one hand, and a BC Partners affiliate, on the other. Transactions such as these present a conflict of interest because the Adviser and/or KCAP’s interests may be directly contrary to client interests. However, the agreements authorizing these transactions require both that the transaction be at “arm’s length” and that the client approve the transaction.

Allocation of Investment Opportunities

BC Partners Credit Clients, including Clients of the Adviser, will invest in different, similar or the same assets and, as a result, the Adviser and BC Partners are presented with a variety of conflicts of interests related to investments that can arise as a result of the activities of the Adviser and/or BC Partners. In particular, it is likely that investments that are suitable for one Client will also be suitable for other Clients or other BC Partners Credit Clients. BC Partners has implemented an allocation policy (the “*Allocation Policy*”), applicable to the entire Credit Business, which

includes the Adviser, pursuant to which investment opportunities are allocated amongst the BC Partners Credit Clients, including the Clients of the Adviser.

While the Allocation Policy has been designed by BC Partners to reasonably assure that BC Partners Credit Clients are treated fairly and equitably over time, it does not guarantee that any client will participate in each or every investment that is consistent with its mandate. To the extent any BC Partners Credit Clients have investment objectives or guidelines that overlap, in whole or in part, investment opportunities that fall within such common objectives or guidelines will generally be allocated, unless otherwise provided for in the applicable Governing Documents, pro rata, subject to, amongst other limitations, (A) any applicable investment parameters, limitations and other contractual provisions, (B) available capital of participating clients, and (C) legal, tax, accounting, regulatory and other considerations deemed relevant by the manager of such clients.

If BC Partners acquires or disposes of less than the entire amount of an investment or disposition opportunity (as represented by the sum of each account's intended participation as set forth on a pre-trade allocation statement), BC Partners will, in most cases, allocate the amount filled pro rata to the amounts set forth on the pre-trade allocation statement. However, there will be some cases where BC Partners determines, in accordance with the Allocation Policy, that pro rata allocation would be inappropriate, unfair or otherwise not in the best interest of the participating BC Partners Credit Clients. In these cases, a non-pro rata allocation methodology may be used. BC Partners may also adjust allocations for other reasons such as maintaining round lot holdings or avoiding de minimis allocations.

BC Partners expects to allocate relatively higher amounts of investment opportunities to new CLOs (or similar vehicles for which affiliates of the Adviser act as collateral manager) during ramp-up periods, subject to the Allocation Policy and consistent with each CLO's Governing Documents, in order to assure that the new CLO can invest assets in accordance with its investment objectives. The increased allocations to ramping CLOs is likely to result in other Clients receiving relatively lower amounts of the opportunity.

Co-Investments

Co-Investments Opportunities. Co-investments can occur when an investment is shared between a Client and one or more third-party investors, including investors in PE Funds. There are expected to be circumstances where an amount that would have otherwise been invested by a Client will instead be allocated to such co-investors. There is no guarantee for any investor in a Client that it will be offered any co-investment opportunities that are offered to other co-investors. As a general matter, the allocation of co-investment opportunities is entirely discretionary, and it is expected that many investors who may have expressed an interest in co-investment opportunities may not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested. BC Partners will take into account various facts and circumstances deemed relevant in allocating co-investment opportunities, including whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, the manager's assessment of a potential co-investor's ability to invest an amount of capital that fits the needs of the investment (taking into account the amount of capital needed as well as the maximum number of investors that can realistically participate in the transaction), supply or demand of an investment opportunity at a given price level, and an assessment of a potential co-

investor's ability to commit to a co-investment opportunity within the required timeframe of a particular transaction. Additional considerations may also include, among others and without limitation, the size of investor commitments to a Credit Fund, other BC Partners vehicles and strategic third party investors, the overall relationship and importance of such investor with BC Partners, whether a potential co-investor has a history of participating in co-investment opportunities with BC Partners, the size of the potential co-investor's interest to be held in the underlying portfolio entity, whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of BC Partners, a Credit Fund, or other co-investments and/or other BC Partners vehicles, or otherwise has a "strategic" relationship with BC Partners or the Credit Business or the Private Equity Business and such other factors that BC Partners deems relevant under the circumstances.

BC Partners may agree with investors to more favorable rights with respect to co-investment opportunities, and to the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to the investors of the PE Funds. Furthermore, in connection with any such co-investment by co-investors, BC Partners may establish one or more investment vehicles managed or advised by BC Partners to facilitate such co-investors' investment alongside a PE Fund, in specific co-investments or as part of an overall program for multiple co-investments. The amount and frequency of co-investment by the co-investment vehicle would be at the discretion of the applicable manager. It is possible that the establishment of any such co-investment vehicle would result in fewer co-investment opportunities to investors who do not participate therein and allocations to the co-investment vehicle are likely to result in a Client investing less than it would have in the related investments.

Subject to the terms of the applicable Governing Documents, BC Partners may cause a PE Fund to initially acquire a portion of an investment for the purpose of syndicating such portion to one or more potential co-investment vehicles established and/or controlled by BC Partners and/or its affiliates. Such syndications may be effected at cost (with or without the charging of interest payable to a Fund for holding such investment prior to syndication).

Additionally, it can be expected that BC Partners will, from time to time, enter into arrangements or strategic relationships with third parties, including other asset managers, financial firms or other businesses or companies, which, among other things, provides for referral, sourcing or sharing of investment opportunities. BC Partners may, from time to time, enter into certain formal or informal arrangements and/or strategic relationships with third parties, including other asset managers, financial firms, investors in the PE Funds and/or the Clients, investors in BC Partners vehicles and/or other businesses or persons, which, among other things, provide for referral, sourcing and/or sharing of investment opportunities and/or information and may, in connection therewith, pay and/or receive compensation (including asset management fees and/or performance-based compensation) and reimburse third parties for certain expenses incurred as part of such arrangements, including diligence expenses and administrative, deal sourcing and other related expenses. While it is possible that a Client will, along with BC Partners itself, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that would otherwise be presented to or made by a Client would instead be referred (in whole or in part) to such third parties.

Regulated Fund Co-Investments. The 1940 Act generally prohibits Regulated Funds from co-investing with other BC Partners Credit Clients where terms other than price are negotiated, unless an exception or exemption applies. Regulated Funds, the Adviser, certain BC Partners Clients, and related entities may be able to co-invest only pursuant to an exemptive order from the SEC, which would permit the parties to enter into co-investments where the Adviser may negotiate terms other than price, subject to certain conditions set-out in the application to the SEC.

On October 23, 2018, the SEC issued an order granting the application made by BC Partners' credit platform for exemptive relief to co-invest, subject to the satisfaction of certain conditions, in certain private placement transactions, with other funds managed by BCPAL or its affiliates, and any future funds that are advised by BCPAL or its affiliated investment advisers. Under the terms of the exemptive order, in order for a Regulated Fund to participate in a co-investment transaction a "required majority" (as defined in Section 57(o) of the 1940 Act) of a Regulated Fund's independent directors must conclude that (i) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to the Regulated Fund and their stockholders and do not involve overreaching with respect of the Regulated Fund or its stockholders on the part of any person concerned, and (ii) the proposed transaction is consistent with the interests of the Regulated Fund's stockholders and is consistent with the Regulated Fund's investment objectives and strategies and certain criteria established by the Board of Directors.

Conflicts Related to Investments in Multiple Levels of an Issuer's Capital Structure

From time to time, the Adviser expects to invest in securities or other financial instruments of an issuer for one Client that are senior or junior to securities or financial instruments of the same issuer that are bought for or held by another client of BC Partners or a proprietary account. For example, one Client could acquire senior debt securities of an issuer while another client of BC Partners or proprietary account could acquire equity securities or subordinated debt of the same issuer. This creates the potential for conflicts of interests. BC Partners monitors conflicts of interests in the investment and allocation process, including with respect to investments in different classes of securities of the same issuer. Conflicts of interest that can arise in such circumstances include, for example, if an issuer enters bankruptcy or undergoes a capital restructuring, Clients holding securities that are senior in preference might have the right to pursue the issuer's assets to fully satisfy the issuer's indebtedness to the client, and as a fiduciary, BC Partners could have an obligation to pursue aggressive remedies on behalf of such clients. A client holding junior securities also might not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and could suffer loss.

Other Fees; Fees from Portfolio Investments

For certain Clients, in addition to advisory fees, other fees may be paid to BC Partners by or with respect to certain portfolio investments, as described above in Item 5. The payment of such other fees by or with respect to portfolio investments creates a potential conflict of interest between the Adviser and the Clients and their investors because the amounts of these other fees and reimbursements may be substantial and the Client and their investors generally do not have a direct interest in these fees and reimbursements unless a fee offset arrangement has been agreed. BC Partners determines the amount of these fees for the services provided and reimbursements in its own discretion, subject to the Governing Documents.

Fees and Expenses

From time to time, BC Partners will be required to decide whether costs and expenses are to be borne by a Client, on the one hand, or the Adviser or other applicable affiliate of BC Partners, on the other, and/or how certain costs and expenses should be allocated between such Client and parallel funds or between such Client, on the one hand, and other BC Partners-managed vehicles, on the other. BC Partners will make such judgments notwithstanding its interest in the outcome, in accordance with BC Partners' expense allocation policies. Such allocation determinations are inherently subjective and give rise to conflicts of interest between BC Partners and its affiliates, such Client and other BC Partners vehicles due to the inherent biases in the process. Notwithstanding the foregoing, the portion of an expense allocated to a Client for a particular service may not reflect the relative benefit derived by such Client from that service in any particular instance.

Restrictions Associated with Material, Non-Public Information

BC Partners, either within the Private Equity Business or the Credit Business, may acquire confidential information concerning an entity in which other Clients have invested or which are being considered for investment. Acquiring information that is material, non-public information may limit BC Partners' ability to buy or sell particular securities or other instruments on behalf of such Clients, and this in turn may limit the opportunities, investment flexibility or exit strategies for such Clients. Where possible, information is expected to be shared between the Private Equity Business and the Credit Business to enhance the synergies and enable the Clients to capitalize on attractive investment opportunities, subject to compliance with applicable law and regulation regarding the sharing of information and the Adviser's policies and procedures related thereto. The sharing (or possession) of such information may, in certain circumstances, restrict the activities of the Clients. In such circumstances, the Clients may not be able to dispose of a security or other instrument relating to a portfolio entity owned by other BC Partners vehicles, even in a declining market, until the information becomes publicly available or immaterial, and the trading in the portfolio entity's instruments is no longer restricted.

Advisors and Consultants

BC Partners may work with or alongside one or more consultants, advisors (including senior advisors) and/or operating partners who are retained by BC Partners on a consultancy or retainer or other basis, to provide services to a Fund and other BC Partners vehicles including the sourcing of investments and other investment-related and support services. The functions undertaken by such persons with respect to a Fund and any of its investments will not be exclusive and such persons may perform similar functions and duties for other organizations which may give rise to conflicts of interest. Such persons may also be appointed to the board of directors of companies and have other business interests which give rise to conflicts of interest with the interests of such Fund or a portfolio entity of such Fund. Investors should note that such persons may retain compensation that will not offset the management fee payable to the manager of the applicable Fund, including that: (i) such persons are permitted to retain all directors' fees, monitoring fees and other compensation received by them in respect of acting as a director or officer of, or providing other services to, a portfolio entity and such amounts shall not be credited against the management fee; (ii) certain of such persons may be paid a deal fee, a consultancy fee or other

compensation where they are involved in a specific project relating to the applicable Fund, which fee will be paid either by such Fund or, if applicable, the relevant portfolio entity; and (iii) such persons may be invited to invest in or alongside the applicable Fund in investments, as part of a participation scheme or otherwise, and will be entitled to retain all of the proceeds generated from such investments.

Service Providers and Counterparties

Certain advisors and other service providers (or their affiliates), including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, title agents and investment or commercial banking firms, to a Fund, BC Partners and/or certain Portfolio Investments may also provide goods or services to or have business, personal, financial or other relationships with the Adviser, other BC Partners entities and Portfolio Investments. Such advisors and service providers may be investors in a Fund, affiliates of the general partner of a Fund, sources of investment opportunities or co-investors or commercial counterparties or entities in which BC Partners and/or other BC Partners vehicles have an investment, and payments by a Fund and/or Portfolio Investments may indirectly benefit BC Partners and/or such other BC Partners vehicles. Additionally, certain employees of BC Partners may have family members or relatives employed by such advisers and service providers. BC Partners may also provide administrative services to a Fund for a fee. These relationships may influence the relevant BC Partners entity and/or the general partner of a Fund in deciding whether to select, recommend or create such an advisor or service provider to perform services for a Fund or a Portfolio Investment (the cost of which will generally be borne directly or indirectly by such Fund or such Portfolio Investment, as applicable) and may incentivize BC Partners to engage such a service provider over a third party. Such affiliated service providers are generally expected to receive market rate fees (as determined by the general partner of the applicable Fund) with respect to such arrangements. Certain employees and other professionals of BC Partners have family members or relatives that are actively involved and/or have business, personal, financial or other relationships with issuers in which a Fund invests or may invest, which gives rise to potential or actual conflicts of interest. In certain instances, a Fund or its Portfolio Investments may purchase or sell companies or assets from or to, or otherwise transact with, companies that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement. In most such circumstances, the applicable Organizational Documents will not preclude a Fund from undertaking any particular investment activity and/or transaction.

BC Partners or its affiliates and service providers, often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by BC Partners or its affiliates differ from those required by the Funds and/or its portfolio companies, BC Partners and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies. Notwithstanding the foregoing, BC Partners generally does not enter into any arrangement with a service provider that provides for a lower rate or discount than those available to a Fund or a portfolio company for comparable services.

Activities and Ownership Interests of Principals and Employees

Certain of the principals and employees of BC Partners who service the Adviser may be subject to a variety of conflicts of interest relating to their responsibilities to the Adviser and its Clients. Such individuals may serve in an advisory capacity to other managed accounts or investment vehicles, as members of an investment or advisory committee or a board of directors (or similar such capacity) for one or more investment funds, corporations, foundations or other organizations. Such positions may create a conflict between the services and advice provided to such entities and the responsibilities owed to the applicable Fund, including in making investments on behalf of the Fund and such other funds and accounts. In addition, BC Partners employees, including employees that service the Adviser, are generally permitted to invest in alternative investment funds, real estate funds, hedge funds or other investment vehicles, including potential competitors of Clients, and limited partners will not receive any benefit from any such investments.

In addition, certain of the principals and employees of BC Partners have indirect ownership interests in MLM. Such ownership interests creates a conflict between the services and advice provided to Clients, including in allocating investments to such Clients because (i) it may create an incentive for such principals and employees to allocate potential investment opportunities to BC Partners Credit Clients advised by BCPAL or MLM in lieu of allocating (or allocating to a lesser extent) such investment opportunities to Clients and (ii) such personnel and employees may be incentivized to spend less time managing the assets of the Clients in favor of BC Partners Credit Clients advised by MLM in which such persons have indirect ownership interests. This conflict is partially mitigated by the fact that investment opportunities available for multiple BC Partners Credit Clients shall be allocated in accordance with the methodology described under “Conflicts—Allocation of Investment Opportunities” above.

ITEM 12. BROKERAGE PRACTICES

As the Clients invest primarily in credit-oriented instruments and private equity investments, BC Partners (and the Adviser with respect to the Regulated Funds) anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of IPOs of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Clients, BC Partners has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

For each of the Clients, BC Partners has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Client involving a broker-dealer, BC Partners will seek to obtain the best execution for the Client taking into account the factors discussed below. “Best execution” is a qualitative standard that generally means obtaining for a Client account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), whilst at all times taking into account the circumstances of the transaction and the execution factors set forth below.

BC Partners considers and determines the relative importance of all the execution factors, by reference to the execution criteria, which are (i) the fact that the client (i.e., a Client) is a per-se

professional client and (ii) the characteristics of the client order, of the instruments concerned and of the venues to which that order can be directed.

The execution factors include price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. BC Partners may also consider, among other things, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. To the extent consistent with achieving best execution, BC Partners may also consider other business a particular broker or dealer may have done with BC Partners, such as identifying investment opportunities, performing investment banking services and providing services to BC Partners' principals. When purchasing or selling over-the-counter securities with market makers, BC Partners generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

The Governing Documents of each Client prescribe whether the Clients can utilize "soft dollars." As a matter of policy, BC Partners will not utilize soft dollars, although it may in the ordinary course receive unsolicited research and other brokerage products from broker-dealers as part of the brokers' full range of services. Such unsolicited materials might benefit the Clients and could therefore be construed as "soft dollars." A conflict of interest exists when a broker-dealer provides such research services, however, as BC Partners will have an incentive to favor such broker-dealer over others that may charge lower commissions. However, BC Partners will select broker-dealers that it in good faith believes will provide best execution in respect of the Clients.

Aggregation of Trades

BC Partners and its affiliates may aggregate (or bunch) the orders of more than one Client for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. BC Partners and its affiliates may combine orders on behalf of the PE Funds and/ or the Credit Clients with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, BC Partners and its affiliates generally aggregates trade orders for publicly traded securities so that each participating Client will receive the average price for each execution of a transaction.

If an order for more than one Client for a publicly traded security cannot be fully executed, allocation shall be made based upon BC Partners' procedures for allocation of investment opportunities, as described in Item 11 above.

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

The Adviser monitors the Clients' investment portfolios on an ongoing basis. The Credit Investment Team is responsible for monitoring the portfolio on an ongoing basis and they will work with the Credit investment committee.

Reporting

With respect to the Regulated Funds, each Regulated Funds will furnish its stockholders with annual reports containing audited financial statements, quarterly reports, and such other periodic reports that it determines to be appropriate or as may be required by law. Each Regulated Funds is required to comply with all periodic reporting, proxy solicitation and other applicable requirements.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

For details regarding economic benefits provided to the Adviser or BC Partners, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser, BC Partners and their related persons, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.

While not a client solicitation arrangement, BC Partners has in the past, and may from time to time in the future engage one or more persons to act as a placement agent for a PE Fund or Credit Client in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such PE Fund or Credit Client that are subsequently accepted and in certain instances a retainer. Such fees are paid by BC Partners and not the Clients.

ITEM 15. CUSTODY

Item 15 is not applicable to the Adviser.

ITEM 16. INVESTMENT DISCRETION

Investment advice is provided directly or indirectly to Clients and not individually to the investors in such vehicles. With regard to Clients the investment advice is provided to the relevant person/entity in each case. Discretionary authority over the investments of the Clients is exercised in accordance with the Advisory Agreements with such Credit Clients and/or Governing Documents of the applicable Credit Client. With regard to F3C, the Adviser has authority to provide investment advisory services pursuant to the sub-advisory agreement with KCAP Management, LLC, the collateral manager to F3C. Investment restrictions, if any, are generally established in the Governing Documents of the applicable Fund or the operating agreement of any Account or other Credit Client.

ITEM 17. VOTING CLIENT SECURITIES

The Adviser has established written policies and procedures setting forth the principles and procedures by which it votes or gives consent with respect to securities owned by the Funds (“**Votes**”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund or other Client by maximizing the economic value of the relevant Client’s holdings, taking into account the relevant Client’s investment horizon, the contractual obligations under the relevant Governing Documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders in any Vote. However, it reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the CCO or the relevant investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds and other Clients generally cannot direct a Vote.

All Voting decisions initially are the responsibility of investment professionals, unless there is a material conflict of interest, in which case they should raise it with the CCO. In most cases, investment professionals will make the decision as to the appropriate vote for any particular Vote. In making such decision, they may rely on any of the information and/or research available to them. In the event of a material conflict of interest, if the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the head of the appropriate BC Partners' investment committee as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

All investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Client and copies of proxy voting policies are available to any client or prospective client by contacting compliance@bcpartners or upon written request to: Sierra Crest Investment Management LLC, Attn: Chief Compliance Officer, 650 Madison Avenue, 23rd Floor, New York, New York 10022.

ITEM 18. FINANCIAL INFORMATION

Item 18 is not applicable to the Adviser.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Item 19 is not applicable to the Adviser.