



**CrowdOut Capital LLC**

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**Part 2A of Form ADV: Firm Brochure**

**March 26, 2024**

**This Brochure provides information about the qualifications and business practices of CrowdOut Capital LLC (the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**CrowdOut Capital LLC is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940. Registration of an investment adviser does not imply any certain level of skill, expertise, competency or training.**

**Additional information about CrowdOut Capital LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

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This Adviser is amending this Brochure as part of its annual Form ADV amendment for the fiscal year ending December 31, 2023. Since the initial filing of this Brochure on June 23, 2023, there have been no material changes.

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## Item 4 – Advisory Business

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### Item 4.A

CrowdOut Capital LLC (the “**Firm**”) is a Texas limited liability company that was formed in December 2015 by co-founders and principal owners Alexander Schoenbaum and Brian Gilmore. CrowdOut is headquartered in Austin Texas.

### Item 4.B

CrowdOut Capital LLC provides advisory services on a discretionary basis to a number of privately offered pooled investment vehicles (collectively, the “**Funds**” and “**Clients**” and each a “**Fund**” and “**Client**”) that are exempt from registration under the Investment Company Act of 1940, as amended (“**1940 Act**”) and whose securities are not registered under the Securities Act of 1933, as amended (“**Securities Act**”). Entities affiliated with CrowdOut Capital LLC serve as the general partners (each an “**Affiliated General Partner**” and, collectively, the “**Affiliated General Partners**”) of the Funds. Each of the Affiliated General Partners is a related person of CrowdOut Capital LLC and is under common control with CrowdOut Capital LLC. Each existing Fund is organized as either a limited partnership with an Affiliated General Partner serving as general partner or a limited liability company with CrowdOut Capital LLC acting as a manager or the managing member. CrowdOut Capital LLC and each Affiliated General Partner is subject to the Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, pursuant to the Firm’s registration in accordance with SEC guidance. This brochure describes the business practices of CrowdOut Capital LLC and its Affiliated General Partners, which operate as a single advisory business and are hereafter collectively referred to as “**CrowdOut**.” The Funds may be referred to herein as “**Clients**”.

CrowdOut is an investment firm that offers private investment opportunities in the form of debt, equity, and other financing solutions to middle-market and lower middle-market businesses. In the private credit space, CrowdOut provides financing solutions, including, among other things, senior secured loans, asset-based loans, and mezzanine financing. CrowdOut has significant experience in underwriting and structuring financing solutions across a range of industries, including manufacturing, business services, healthcare, and technology. CrowdOut targets consistent, high cash yields and aims for greater risk-adjusted returns across all economic cycles. In the private equity space, CrowdOut offers equity investments in select opportunities. CrowdOut’s equity investments are often structured as either a control position or a senior preferred minority position with protective rights, in each case, with the intention of providing equity-like returns while minimizing risk.

CrowdOut offers co-investment opportunities to certain investors interested in participating in such opportunities. Decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms, are made in the sole discretion of CrowdOut or its related persons in conjunction with the other participants in the applicable transactions, such as co-sponsors. As such, co-investment opportunities may be offered to

some and not other Fund investors, in the sole discretion of CrowdOut or its related persons, and certain persons other than a Fund's investors, will, from time to time be offered co-investment opportunities, in the sole discretion of CrowdOut or its related persons.

In addition to the Funds, CrowdOut also operates a direct lending platform in which accredited investors may gain exposure on a non-discretionary basis to loans or loan participations purchased by CrowdOut Capital Platform LLC (the "**Platform**") from CrowdOut or its affiliates. CrowdOut identifies companies interested in commercial loans (the "**Underlying Loans**"), performs due diligence and prices the Underlying Loans, and completes the underwriting, document negotiation and execution of the Underlying Loans. Accredited investors may purchase "borrower-dependent" or "platform" notes ("**Platform Note**") issued by the Platform. Each Platform Note entitles the investor to a proportionate fraction of the cash flow of either (i) a corresponding loan held on the Platform's balance sheet or (ii) a corresponding participation right held on the Platform's balance sheet, as applicable. Underlying Loans offered for investment on the Platform are typically serviced by CrowdOut. Underlying Loans that are originated by CrowdOut will be allocated to an applicable Fund and/or the Platform as further described herein and in the Governing Documents for the relevant Fund. Investors participate in Underlying Loans allocated to the Platform on a deal-by-deal basis. CrowdOut exercises no discretion in determining whether an investor does or does not participate in an Underlying Loan that is allocated to the Platform.

This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Fund, including requirements that they be "accredited investors" as defined in Regulation D, "qualified purchasers" as defined in the Investment Company Act, or non-"U.S. Persons" as defined in Regulation S. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum and such Fund's Governing Documents (defined below).

#### **Item 4.C**

CrowdOut provides discretionary investment advisory services based on each private Fund's investment guidelines as outlined in each Fund's operative documents. CrowdOut tailors its advisory services to the specific investment objectives and restrictions of the Funds. Investors and prospective investors in the Funds should refer to the confidential private placement memorandum, disclosure document, limited partnership and/or limited liability company agreements and other governing documents for the Funds (the "**Governing Documents**") for more complete information on the investment objectives and investment restrictions with respect to each Fund. There is no assurance that any of the Fund's investment objectives will be achieved.

CrowdOut has entered into side letter arrangements with certain Fund investors providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights, terms obligations or investment structuring requirements necessary in light of particular legal, regulatory or policy requirements applicable to a particular investor, veto rights and liquidity or transfer rights. CrowdOut (and any applicable Affiliated General Partner) will disclose the terms of side letter arrangements with other investors in the same Client only to the extent required by applicable law or as otherwise agreed to with Fund investors.

**Item 4.D**

CrowdOut does not participate in wrap fee programs.

**Item 4.E**

As of December 31, 2023, CrowdOut managed \$199,687,035 in regulatory assets under management on a discretionary basis. As of December 31, 2023 CrowdOut serviced an aggregate principal amount of \$64,234,983.62 Platform Notes issued by the Platform in respect of Underlying Loans.

## Item 5 – Fees and Compensation

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### Item 5.A

The Governing Documents of each Fund set forth in detail the fee structure relevant to such Fund.

Depending on the Fund, CrowdOut typically receives compensation from fees based on a percentage of assets under management (“**Management Fees**”), performance-based compensation, carried interest payments and payment of certain other fees or expenses, in each case, as disclosed in each Fund’s Governing Documents. See the below sections on Management Fees and Performance-Based Compensation and Carried Interest for further details. Investors should review the Governing Documents for each Fund. These documents detail all fees and expenses incurred by the Funds.

CrowdOut may negotiate fees and/or waive all or a portion of the fees paid by the Funds and/or investors in the Funds, including fees paid by the Firm’s employees and affiliates. CrowdOut may, in its sole discretion, enter into different fee arrangements with different Funds or investors in the Funds for the same investment management services, including the Firm’s employees and affiliates.

#### *Management Fees*

Subject to the terms and conditions of each Fund’s Governing Documents, CrowdOut or CrowdOut’s Affiliated General Partners will receive a Management Fee. These fees are typically payable quarterly and range from 0% to 2.5% of each Fund’s capital commitments or invested capital. The fees borne by any Fund, at times, may be reduced in certain circumstances during a Fund’s term. Management Fees may differ from one Fund to another and could potentially vary among investors in the same Fund. Management Fees paid by a Fund are indirectly borne by investors in such Fund. CrowdOut’s Management Fees are generally payable quarterly in advance. Subject to the terms of the applicable Governing Documents, if CrowdOut does not provide services for the full period in respect of which such Management Fees are paid, CrowdOut will typically return a pro rata portion of such Management Fees calculated based on the number of days remaining in the applicable time period.

#### *Performance Based Compensation and Carried Interest*

From certain of its Funds, CrowdOut receives an incentive allocation equal to a percentage of the net income allocated to each Investor for the year, but only to the extent net income allocated to that Investor exceeds any cumulative losses that were allocated to that Investor for earlier periods and that have not been recovered (a “**high water mark**”). This incentive allocation is generally between 10% and 20% and is typically made at the end of each calendar year. For some of its Funds, CrowdOut and/or the respective Affiliated General Partner is entitled to receive carried interest distributions equal to 20% of net profits

derived from the disposition of investments (following a return of all capital contributions and a preferred rate of return of 8% per annum to the investors of the relevant Fund).

The incentive allocation is only charged to accounts of those Investors who are “qualified clients” as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended (“Advisers Act”).

*It should be noted that any new Client launched by CrowdOut may have materially different terms than those summarized above.*

#### **Item 5.B**

Management Fees are typically funded with either (i) capital contributions drawn for such purpose, generally on a quarterly basis, (ii) deducted from cash held by such Fund following the funding of undrawn capital commitments by investors in such Fund, or (iii) withheld from proceeds otherwise distributable by such Fund, in each case in accordance with such Fund’s Governing Documents. Incentive allocations are typically reallocated from investor capital accounts to CrowdOut’s capital account as of the last business day of each year in the manner set forth above and in the applicable Fund’s Governing Documents. Carried interest distributions are typically distributed to the applicable CrowdOut entity from time to time upon the disposition of portfolio investments by a Client and are distributed to such CrowdOut entity in accordance with the terms of the applicable Governing Documents.

#### **Item 5.C**

##### *Firm Expenses*

CrowdOut pays for its ordinary overhead expenses, such as the costs and expenses associated with providing the Clients office space, furniture, fixtures, equipment, facilities, supplies and necessary ongoing overhead support services for the Clients’ operations; the compensation of the Firm’s personnel; any taxes imposed by reason of the Management Fees paid to the Firm; and certain expenses incurred in connection with organization and/or registration of the Affiliated General Partners, the Firm or their affiliates, as provided in each Fund’s Governing Documents.

##### *Fund Expenses*

In addition to bearing Management Fees, incentive allocation and/or carried interest, if any, each Fund also will be responsible for expenses related to its investments and operations as is set forth in the Governing Documents for such Fund. Such fees and expenses may include, but are not limited to, (i) all investment-related costs and expenses (i.e., expenses that, in CrowdOut’s or the Affiliated General Partner’s sole discretion, are related to the investment of such Fund’s assets, whether or not such investments are consummated), including commissions and charges, clearing and settlement charges, option premiums and custodial and service fees, research-related expenses, fees and expenses relating to consultants,



experts, and expenses relating to attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments; (ii) fees and expenses related to portfolio and risk monitoring, performance reporting, software subscription and/or licensing fees relating to services rendered to a Fund, and valuation services (including third-party valuations, appraisals or pricing services and valuations of the Funds' assets); (iii) the Funds' legal, accounting, tax preparation and other tax-related expenses (including preparation and mailing costs of financial statements, tax returns and other reports to investors), auditing, consulting and other professional expenses; (iv) third-party administration costs, fees and expenses (including any costs, fees and expenses related to investor communications, relations, reporting or other investor materials, tax preparation and related reporting, performance information, data extraction and other types of reporting and any audit or accounting services provided by a third-party administrator); (v) all fees and charges of custodians and banks; (vi) compliance and reporting expenses and expenses attributable to regulatory filings that are made with respect to the Funds or assets of the Funds' (including Section 13, Section 16, Form D, Form PF, FATCA, anti-money laundering compliance, state security filings, general regulatory compliance and non-U.S. position reporting filings, if applicable, and non-U.S. filings, if any); (vii) such Fund's pro rata share of Fund-related insurance costs (including such Fund's pro rata portion of director's and officer's insurance, errors and omissions insurance, fidelity insurance and other similar policies covering the applicable Affiliated General Partner and CrowdOut); (viii) any taxes (including but not limited to any withholding taxes, transfer taxes, stamp duties and other governmental or self-regulatory agency-related charges or duties); (ix) all costs and expenses incurred in attempting to protect and enhance the value of a Fund investment (including any fees and expenses associated with any pending or threatened litigation, audit, investigation, administrative or other proceeding, as well as any settlement costs); (x) any fees and expenses related to such Fund's liquidation, if applicable; (xi) expenses relating to the offer and sale of interests in the Funds and withdrawals and transfers thereof; (xii) other reasonable expenses related to the purchase, sale, preservation or transmittal of the Funds' assets; and (xiii) any extraordinary expenses (e.g., indemnification expenses). CrowdOut's private equity focused Funds also will be subject to transaction and investment-related costs and fees, including without limitation, commissions, interest on margin accounts and other indebtedness, fees, costs, expenses, and other obligations, including principal, interest, fees (including commitment fees), expenses and other amounts in connection with any borrowing, guarantee, or other credit support entered into.

The list of expenses borne by each Fund are set forth in the relevant Governing Documents each Fund. In certain circumstances and/or for particular Funds, the amount of ordinary operating expenses incurred by such Fund may be capped or limited to a specific dollar amount as is provided for in the Governing Documents of such Fund.

Each Fund will pay (or reimburse its Affiliated General Partner or CrowdOut) the reasonable organizational costs and expenses of the Fund and its Affiliated General Partner ("**Organizational Expenses**") up to an amount provided in the Fund's Governing Documents. Organizational Expenses paid by a Fund in excess of that amount will be borne by CrowdOut. Such excess amounts may be borne by CrowdOut through an offset against Management Fees or reimbursement by the applicable Fund.

The allocation of expenses by CrowdOut between it and a Fund, among Funds and, if applicable, between a Fund the Platform, represents a conflict of interest for CrowdOut. CrowdOut will allocate expenses to each Fund in accordance with such Fund's Governing Documents. CrowdOut will seek to allocate any shared expenses for products and services benefiting multiple Funds or both CrowdOut and a Fund, or CrowdOut, the Platform and/or a Fund and not covered in the Fund's Governing Documents, in a fair and reasonable manner.

#### *Other Fees*

CrowdOut (subject to certain limitations set forth in the applicable Governing Documents) may be entitled to receive administrative, break-up, monitoring, directors', organizational, set-up, advisory, consulting, underwriting, syndication, origination, servicing and other similar fees in connection with the consummating, monitoring, servicing or disposition of a Client's portfolio investments or from unconsummated transactions, including warrants, options, derivatives and other rights with respect to the applicable Client ("**Other Fees**"). A Fund's share of Other Fees that may be offset, if any, against Management Fees is disclosed in each Fund's Governing Documents.

In addition to the foregoing, CrowdOut generally receives origination fees and servicing fees with respect to loan obligations that are purchased from CrowdOut by the Platform pursuant to a loan purchase, assignment and servicing agreement between CrowdOut and the Platform. For the avoidance of doubt, CrowdOut only receives servicing and origination fees with respect to the Platform, not management or advisory fees.

#### *Co-Investment Fees*

Investors in any co-investment vehicle ("**Co-Investment Vehicle**") will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Co-Investment Vehicle. A Co-Investment Vehicle will generally bear its pro rata portion of expenses incurred in the making of an investment. If a proposed transaction is not consummated, no such Co-Investment Vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction ("**Dead Deal Costs**") would therefore be borne by the applicable Fund (including reverse termination fees, extraordinary expenses such as litigations costs and judgements and other expenses). Furthermore, if a proposed transaction is not consummated and a Co-Investment Vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investor(s) have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs may be borne solely by the applicable Fund, and not by the Co-Investment Vehicle or other co-investor(s) to which the co-investment opportunity was offered. Similarly, Co-Investment Vehicles are not typically allocated any share of break-up fees received in connection with such an unconsummated transaction.

### *Brokerage Fees*

The investment strategies employed with respect to the Clients generally do not involve the purchase or sale of publicly offered securities, and as such, do not typically entail expenses related to brokerage commissions. To the extent applicable, each Client generally is responsible for and pays any of its brokerage fees and expenses. See Item 12 below.

### *Custodian Fees*

CrowdOut may pay minimal monthly account fees to certain of its qualified custodians. These fees are generally considered expenses of each Fund and are included in the list of potential Fund expenses detailed above. As noted, full details of each Fund's expenses are contained in the Governing Documents for such Fund.

### **Item 5.D**

The Funds will typically pay a Management Fee as set forth in Item 5.A. above.

### **Item 5.E**

Not applicable. CrowdOut or its supervised persons are not compensated for the sale of securities or other investment products and mutual funds.

***It is important that investors refer to the relevant Governing Documents for a complete understanding of expenses and fees they may pay through an investment in the Clients. The information contained herein in this Item 5 is a summary only and is qualified in its entirety by such documents.***

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

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As stated in Item 5.A above, CrowdOut or an Affiliated General Partner will receive performance fees/incentive allocation or carried interest distributions from multiple funds. As a result, CrowdOut may have a conflict of interest between its responsibility to manage the various Funds' investment portfolios and its interest in maximizing performance fees/incentive allocation or carried interest distributions from any particular Fund. For example, performance fees or carried interest distributions create an incentive for CrowdOut to make investments that are riskier and more speculative than would be the case in the absence of performance compensation. In addition, since the Firm manages multiple Clients with similar investment strategies and/or different fee levels on a side-by side basis and services the Underlying Loans for the Platform, the Firm has conflicts of interest in: (i) allocating its time and activity among the multiple investment portfolios as well as the Platform's loan portfolio; (ii) allocating investments among the multiple

portfolios; and (iii) effecting transactions among the multiple investment portfolios, including ones in which CrowdOut, its principal(s), and/or affiliate(s) have a greater financial interest. These conflicts of interest create an incentive for the Firm to favor one Client in which the Firm and its affiliates have a greater financial interest with respect to allocation of time and activity, limited investment opportunities, or investments that the Firm regards as more attractive or better performing investments.

CrowdOut does not allocate investment opportunities based on the performance-based (or other type(s) of) fees it is entitled to receive from one Client versus another Client. As a fiduciary, CrowdOut recognizes that it must treat all Clients fairly and must refrain from favoring one Client's interests (or CrowdOut's own interests) ahead of another Client(s). It is the practice of CrowdOut to allocate investment opportunities to Clients on a fair and equitable basis, to the extent practicable and in accordance with Clients' applicable investment strategies and Governing Documents. Investment opportunities will generally be allocated among those Clients for which participation in the respective opportunity is considered permissible and appropriate, taking into account, among other considerations: (i) whether the investment is a private equity or private credit focused investment, (ii) whether the risk-return profile of the proposed investment would or could create an imbalance in a Client's objective; (iii) the potential for the proposed investment to create an imbalance in a Client's portfolio; (iv) the liquidity requirements of a Client; (v) potentially adverse tax consequences; (vi) regulatory restrictions that would or could limit a Client's ability to participate in a proposed investment; (vii) leverage considerations and (viii) the need to resize risk in a Client's portfolio. CrowdOut will allocate transactions and opportunities among the Clients' accounts in a manner it believes to be as equitable as possible, considering among the Client's objectives, programs, limitations and capital available for investment.

As between CrowdOut's credit focused Funds and the Platform, CrowdOut may allocate investment opportunities among the applicable Fund and the Platform in any manner that it reasonably determines to be necessary, desirable or appropriate, consistent with its fiduciary duties to the applicable Funds, taking into account a number of factors, including concentration limits, the size of the Underlying Loan, available capital for the applicable Fund, tax and regulatory considerations, the overall portfolio composition of the applicable Fund, and the risk profile governing the applicable Fund and the Platform. It is generally anticipated that the sale or payoff of any Underlying Loan held by both the Fund and the Platform will occur on a *pari passu* basis, unless otherwise disclosed in the Governing Documents related to an offering.

In general, CrowdOut attempts to address any material conflicts through full and fair disclosure of such conflicts in the applicable Governing Documents. Additionally, the allocation of investments with respect to each Client and when applicable, the Platform, are made by CrowdOut in a manner that it considers fair and equitable to each Client relative to the other Clients over time, taking into account all relevant facts and circumstances.

## **Item 7 – Types of Clients**

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CrowdOut provides discretionary investment advice solely to the Funds, as described in Item 4.B. above. Investors in the Funds will be required to meet certain eligibility and suitability qualifications and make certain representations prior to investing in a Fund. Investors are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended, and are generally either “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act of 1940, as amended, or “qualified clients” within the meaning of Rule 205-3 under the Advisers Act. Subscription minimums are disclosed in the relevant Governing Documents for each Fund (although CrowdOut maintains the discretion to accept less than any minimum investment amount).

As further described in Item 4.C above, each of the Funds may enter into agreements, or “side letters,” with certain prospective or existing Fund investors whereby such investors, including such persons that may be affiliated with CrowdOut or its related persons, may be subject to terms and conditions that are more advantageous than those set forth in the Governing Documents for the Fund. For example, such terms and conditions may provide for special rights to make future investments in the Funds, other investment vehicles or managed accounts; special redemption rights, including those relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by CrowdOut and such investors. These modifications are solely at the discretion of CrowdOut and may, among other things, be based on strategic relationships for CrowdOut, the size of the investor’s investment in a Fund, an agreement by an investor to maintain such investment in a Fund for a significant or defined period of time, or other similar commitment by an investor to a Fund.

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

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### **Items 8.A, 8.B and 8.C**

CrowdOut’s primary investment strategy is to provide debt, equity and other financing solutions to lower middle to middle market companies. A discussion of CrowdOut’s private credit and private equity strategies is provided below.

### **PRIVATE CREDIT**

With respect to its Funds focused on private credit, CrowdOut’s Clients invest primarily in privately sourced and negotiated senior secured credit instruments. CrowdOut looks to provide its Clients with an attractive yield, while also seeking to generate additional upside for its Clients when possible through other fees or equity participations in the target company. CrowdOut’s credit investments may include Underlying Loans comprised of

various types of credit structures, such as senior secured loans, bridge loans, convertible loans, unitranche loans, subordinate loans, specialty loans and debtor-in-possession financings, or non-control equity stakes as well as convertible instruments, equity co-investments, warrants or other related investments (together with the Underlying Loans, the “**Underlying Investments**”).

CrowdOut’s private credit Clients are generally expected to extend credit primarily on a senior secured basis, and CrowdOut generally attempts to mitigate the risk associated with these transactions by selecting borrowers with sufficient cash flows, insisting on strong financial and other covenants in loan documentation and by perfecting security interests against all available assets of each target company. CrowdOut’s strategy generally involves credit transactions identified by CrowdOut, but in certain circumstances, its private credit Clients may also acquire or participate in loans originated by others. CrowdOut partners with lenders and borrowers to source loan investment opportunities generally ranging from \$2 million to \$100 million and offers these opportunities (or portions of these opportunities) to accredited investors through both its credit focused Funds and the Platform.

#### *Sourcing Underlying Investments.*

CrowdOut’s process for loan sourcing and origination begins with its deep and extensive relationships with industry and professional contacts, including management teams, members of the investment banking community, private equity groups and other investment firms with whom CrowdOut has had long-term relationships, brokers, commercial bankers, entrepreneurs, service providers such as lawyers, consultants, financial advisors, and accountants. CrowdOut’s professionals have spent their careers focused on deal generation and origination efforts in middle market and lower middle market companies. Individually and collectively, CrowdOut has developed a reputation as a knowledgeable, reliable and active source of capital and assistance in these markets.

#### *Investment Criteria.*

CrowdOut intends to underwrite Underlying Investments that meet the following financial criteria; provided, however that CrowdOut may, in its sole and absolute discretion, vary these criteria from time to time with the actual characteristics of each Underlying Investment:

- Revenue greater than \$10 million;
- Track record of dependable annual cash flow (preferably \$2 million or greater);
- Ability to pay interest currently, with adequate cushion;
- Strategy to repay principal when due;
- Industry appropriate leverage ratios and financial covenants.

In addition to the financial criteria listed above, CrowdOut looks for borrowers that also meet other key criteria, including:

- Seasoned management team with significant equity ownership;
- Established company with multiple years of success;
- Strong industry and financial position;
- Industries with positive long-term direction;
- Companies backed by established equity owners;
- Track record of success.

CrowdOut looks for investments that CrowdOut originates and where it leads or co-leads the underwriting and execution process from start to finish. CrowdOut will seek to originate or co-lead most transactions and, in the majority of cases, CrowdOut will service its loans directly.

### *Review of Investment Opportunities.*

CrowdOut takes a detailed and disciplined approach to its investment activities. This investment approach focuses on capital preservation, reduction of principal risk and low volatility. Since CrowdOut prefers to maintain relationships with its borrowers and grow its positions with them, CrowdOut takes a long-term perspective when analyzing perspective investments. In addition to performing a significant amount of due diligence, CrowdOut structures its Underlying Investments with appropriate terms and covenants that are designed to protect its clients' investments and mitigate risk.

Once identified, potential investment opportunities are reviewed by CrowdOut's investment team on an ongoing basis, typically weekly. CrowdOut assesses each investment opportunity to ensure that the transaction size and targeted industry fit within the investment strategy of the applicable Fund. During its early review of investment opportunities CrowdOut will typically eliminate many opportunities on paper due to poor corporate fundamentals, industry concerns, poor structuring mechanics or weak pricing. For some opportunities, CrowdOut may elect to continue monitoring the opportunity before deciding whether to move forward. For the deals that make it through this early triage process, CrowdOut will move forward with additional diligence requests, industry research, asset evaluation and prepare additional materials for continued evaluation of the opportunity.

Once CrowdOut has completed its preliminary analysis of investment opportunities and has identified prospective opportunities it may pursue, CrowdOut completes a deep diligence process and credit analysis. This process is memorialized in a credit memorandum that is continuously reviewed and updated during the assessment process. Throughout this diligence process, CrowdOut will engage with the target borrower, speaking to its management team, current investors, customers, suppliers, competitors and/or other related parties. Third party diligence, including quality of earnings reports and background checks on key target borrower personnel, are often used to supplement and verify the diligence process completed by CrowdOut.

CrowdOut seeks to structure transactions in a way that reduces risks and aims to establish a corporate structure, reporting, covenants, and inspection/examination process that allows

CrowdOut to continually review and gauge the financial health and operating performance of the target borrower. CrowdOut is in regular dialogue with its potential borrowers and seeks to foster a cooperative, transparent and fluid relationship with its target companies.

Each potential credit investment that moves to negotiation, execution, closing and funding is vetted and approved by the Firm's Credit Investment Committee. The Firm's Credit Investment Committee is composed of four senior investment professionals at CrowdOut and the vote of three of its four members is required for an Underlying Investment to move to the execution and funding stage. Once funding of an Underlying Investment has occurred, CrowdOut carefully and closely monitors each Underlying Investment. CrowdOut's investment team meets collectively, often on a weekly basis or more, to discuss the overall portfolio and daily communication among investment team members and borrowers is typical. For the majority of its Underlying Investments, CrowdOut also requires that it receive regular access to management, monthly reporting and borrower compliance to financial and other covenants. CrowdOut regularly employs numerous tools and resources that allow CrowdOut to detect early warning signs of any weakness or red flags in the performance of its borrowers.

*Pricing and Risk Rating.*

CrowdOut prices its Underlying Investments on a standalone basis, after assessing the risk profile of the opportunity. Ultimately, CrowdOut believes that the expected rates of return will be commensurate with the perceived risks of the investment, which include position in the capital structure, leverage ratios, volatility of the Borrower's historical earnings, quality of management and/or equity sponsor, loan structure and covenants, as well as a variety of other factors. See the Private Credit Risk Factors below.

*Exit Strategy Upon Borrower Default.*

In the event of a borrower default, CrowdOut will pursue whatever commercially reasonable remedies CrowdOut deems necessary to try to protect CrowdOut's interest in the Underlying Investment collateral and/or recover amounts owed to CrowdOut.

*Government Regulation; Licensing.*

There are many levels of government regulations that potentially affect CrowdOut and CrowdOut's business. Some states, including California, may require nonfinancial companies, such as CrowdOut and its Clients, to obtain a license in order to make commercial loans on a regular basis. CrowdOut does not intend to directly originate Underlying Investments in states where such licenses are required until it obtains the required license or is exempt therefrom. CrowdOut may, in the future, affiliate itself with third parties such as financial institutions in order to be able to arrange Underlying Investments in jurisdictions where it might otherwise be restricted.



## **SPECIFIC RISKS RELATING TO AN INVESTMENT IN CROWDOUT'S PRIVATE CREDIT FOCUSED FUNDS**

*Prospective investors should carefully consider the risks involved in an investment in the applicable Funds including, without limitation, those discussed below. Additional or new risks not addressed below may affect the Funds. The following list of risk factors cannot be and is not intended to be exhaustive. Prospective investors should consult their own legal, tax and financial advisers about the risks of an investment in the Funds. The following risk factors and other relevant risks could have a material adverse effect on a Fund and a member's or a limited partner's investments therein. Capitalized terms not defined herein shall have the meaning given them in the Governing Documents of the applicable Fund.*

*Collection Failure.* A Fund may fail to collect funds from the obligors required to pay a Fund instrument. The ability to fully recover amounts due under the Fund instruments may be adversely affected by, among other things:

- the financial failure of the obligor of such Fund instrument;
- the purchase or financing of a fraudulent Fund instrument from a seller, misrepresentations of a seller or a conversion of Fund instrument proceeds by a seller;
- the purchase or financing of a Fund instrument that are is uncollectible by government regulations;
- third-party obligor disputes;
- third-party claims with respect to security interests; and
- erroneous assessment, valuation or estimate of the expected value of a Fund instrument or other asset.

Any of these events could force a Fund to seek enforcement of other contractual remedies against the seller, all of which could prove to be inadequate to fully collect the accounts receivable and proceeds from other asset financing. Therefore, a Fund could experience losses on the purchased Fund instruments in the future. These potential future losses may be significant and may vary from current reserve estimates. The Fund does not maintain insurance covering credit losses.

*Effect of Substantial or Complete Losses.* If, due to extraordinary market conditions or other reasons, a Fund were to incur substantial losses or a complete loss, the revenues of CrowdOut may decline substantially. Such losses may hamper CrowdOut's ability to (i) retain employees, (ii) provide the same level of service to the Fund as it has in the past, and (iii) continue operations.

*General Credit Risk.* Although each credit Fund intends primarily to make loans and invest in other debt instruments or obligations secured by collateral, such Fund may be exposed to losses resulting from default and foreclosure of any such loans or interests in loans in which it has invested. Therefore, the value of underlying collateral, the creditworthiness of

borrowers and the priority of liens are each of great importance in determining the value of such Fund's investments. No guarantee can be made regarding the adequacy of the protection of such Fund's security in the loans or other debt instruments in which it invests. Moreover, in the event of foreclosure, a credit Fund or an affiliate thereof may assume direct ownership of any assets collateralizing such foreclosed loans. The liquidation proceeds upon the sale of such assets may not satisfy the entire outstanding balance of principal and interest on such foreclosed loans, resulting in a loss to such Fund. Any costs or delays involved in the effectuation of loan foreclosures or liquidation of the assets collateralizing such foreclosed loans will further reduce proceeds associated therewith and, consequently, increase possible losses to such Fund. In addition, no assurances can be made that borrowers or third parties will not assert claims in connection with foreclosure proceedings or otherwise, or that such claims will not interfere with the enforcement of such Fund's rights. For the avoidance of doubt, it is possible that a credit focused Fund may lose the value of its entire investment in one or more Underlying Investments.

*Change in Demand for Credit Investments.* The demand for credit investments may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products or the availability of competing products. Should CrowdOut fail to adapt to significant changes in customer demand for, or access to, their products, a credit Fund's revenues could decrease significantly, and its operations could be harmed. Even if CrowdOut makes changes to existing products or introduce new products to fulfill customer demand, customers may resist such changes or may reject such products. Moreover, the effect of any product change on the results of CrowdOut's business may not be fully ascertainable until the change has been in effect for some time, and, by that time, it may be too late to make further modifications to such product without causing further harm to the Fund's business, results of operations and financial condition.

*Establishing and Maintaining Relationships with Borrowers.* Each credit focused Fund's ability to invest in debt instrument will depend in large part upon CrowdOut's ability to establish and maintain active relationships with existing and prospective borrowers. There can be no assurance that CrowdOut will be successful in maintaining such relationships or increasing the number of borrowers or lenders with which it does business.

*Investments in Middle Market Companies.* In addition to limited liquidity, investments in loans issued to, and debt instruments of, private lower middle to middle-market companies may involve a number of additional risks. Generally, little public information exists about such companies, and the relevant Fund will rely on the ability of CrowdOut to obtain adequate information to evaluate the potential returns from investing in such loans or debt instruments. If such Fund is unable to uncover all material information about such companies, they may not make a fully-informed investment decision, and may lose money. Private lower middle to middle-market companies typically have shorter operating histories, less predictable operating results, narrower product lines, and smaller market shares than larger businesses, which characteristics tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Private lower middle to middle market companies are also more likely to depend on the management talents and efforts of a small group of persons, the loss of which could have

a material adverse impact. In addition, private lower middle to middle-market companies may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. As a consequence, certain loans invested in by a Fund could be or become nonperforming loans and borrowers could default with respect to such loans.

*Competition; Ability to Lend on Advantageous Terms.* CrowdOut and the relevant credit Funds will originate loans. In making loans, a credit Fund will compete with a broad spectrum of lenders, some of which may be willing to lend money on terms more favorable to borrowers. Such competing lenders may include private investment funds, public funds, commercial and investment banks, commercial financing companies and other entities. Some competitors may have a lower cost of funds and access to funding sources that are not available to such Fund. In addition, some competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the relevant Fund. CrowdOut and/or the applicable Fund may also choose not to compete for investment opportunities based on interest rates. Ultimately, increased competition for, or a diminution in the available supply of, qualifying borrowers may result in lower yields on loans to such borrowers, which could reduce returns to the applicable Fund.

*Lender Liability.* A credit focused Fund may incur liability as a result of its lending activities or the lending activities of the sellers that have originated the loans. In past years, a number of judicial decisions have upheld the right of borrowers to sue on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower, its other creditors or shareholders, or third parties harmed by the borrower. Even if the applicable credit Fund purchases its loans in the ordinary course of its investment activities, such Fund may be subject to allegations of lender liability by reason of the actions of the sellers that originated those loans. CrowdOut cannot assure investors that these claims will not arise, or that the relevant Fund will not be subject to significant liability if a claim of this type were to arise.

*Co-Investment Risks.* CrowdOut's credit focused Funds may co-invest in one or more Underlying Investments with certain affiliates, strategic investors, lenders (or affiliates thereof), and/or other third parties through joint ventures or other entities, which parties in certain cases may have different interests or superior rights to those of the applicable Fund. Under certain circumstances it may be possible for a Fund to relinquish control rights over certain of its investments and, therefore, may have a limited ability to protect its position therein. In addition, such Fund's investments may be subject to typical risks associated with third-party involvement, including the possibility that a third-party 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 the applicable Fund, or may be in a position to take (or block) an action in a manner contrary to such Fund's investment objectives. The relevant Fund may also, in certain circumstances, be liable for the actions

of its third-party partners or co-investors. Co-investments by third parties may or may not be on substantially the same terms and conditions as the applicable Fund, and such different terms may be disadvantageous to such Fund or to any investor participating directly or indirectly therein.

*Priority of Debt Instruments and Loans.* CrowdOut's credit-oriented Funds may invest in secured debt issued by companies that have or may incur additional debt that is senior to the secured debt owned by the applicable Fund. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of any such company, the owners of senior secured debt (i.e. the owners of first priority liens) generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt (including, in certain circumstances, the applicable Fund) will be entitled to receive proceeds from the realization of the collateral securing such debt. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that a CrowdOut credit Fund owns secured debt that is junior to other secured debt, such Fund may lose the value of its entire investment in such secured debt.

*Syndication and/or Transfer of Debt Instruments.* CrowdOut's credit Funds will generally originate the debt transactions they participate in. CrowdOut's credit Funds may in some instances originate such secured debt obligations with the intent of syndicating and/or otherwise transferring a significant portion thereof. In such instances, the applicable Fund will bear the risk of any decline in value prior to such syndication and/or other transfer. In addition, such Fund will also bear the risk of any inability to syndicate or otherwise transfer such secured debt obligations or such amount thereof as originally intended, which could result in such Fund owning a greater interest therein than anticipated.

*Distressed Borrowers.* CrowdOut's credit focused Funds may invest in loans and debt instruments of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the applicable Fund, they involve a substantial degree of risk. Distressed borrowers may be less likely to meet their obligations in connection with such loans or debt instruments, and the inability to meet such obligations may result in certain loans of the relevant Fund becoming nonperforming. The level of legal and financial sophistication necessary for successful investment in the loans issued to, or the debt instruments of, companies experiencing significant business and financial difficulties is unusually high. There is no assurance that CrowdOut will correctly evaluate the value of the assets collateralizing the loans invested in by such Fund or the prospects for a successful reorganization or similar action, if any, or the general performance of such loans. In addition, to the extent that a CrowdOut credit Fund invests in loans or debt instruments with respect to companies that subsequently undergo bankruptcy or similar liquidation proceedings, such investments may be subject to additional risks.

*Loans and Participations.* The investment program of CrowdOut's credit Funds may include investments in loans and participations. These obligations are subject to unique

risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) limitations on the ability of such Fund to directly enforce its rights with respect to participations; and (v) possible claims for the return of some or all payments in a debt made within 90 days (and in some cases, within one year) of the date of the issuer's/borrower's insolvency came under Title 11 of the United States Code and under certain state laws. In analyzing each loan or participation, CrowdOut compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Fund.

Although each credit focused Fund intends to originate loans, in most cases alongside CrowdOut, it may also invest in loans through the secondary markets. As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to other markets.

*General Operational Risks.* Although CrowdOut and its credit focused Funds intend to employ reasonable diligence in conducting its business and supervising its employees and agents, no amount of diligence can eliminate many types of operational risk, including the risk of fraud by employees, agents or outsiders, misinterpretation or misapplication of rules, regulations or other requirements, unauthorized transactions by employees or agents or operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunication systems. Certain errors may be repeated or compounded before they are discovered and successfully corrected.

CrowdOut and its credit-oriented Funds are also exposed to the risk that external parties on whom CrowdOut or the applicable Fund relies will be unable to fulfill their contractual obligation(s) to CrowdOut or such Fund (or will be subject to the same risk of fraud or operational errors by their respective employees and agents as the applicable Fund). Because neither CrowdOut nor its Funds are a bank, they cannot belong to and directly access the Automated Clearing House (ACH) payment network. As a result, the applicable Funds and CrowdOut must rely on a Federal Deposit Insurance Corporation insured depository institution to collect on its investments. Under the ACH rules, if CrowdOut or the relevant Fund experiences a high rate of reversed transactions (known as "chargebacks"), CrowdOut and such Fund may be subject to sanctions and potentially disqualified from using the system to process payments. CrowdOut also relies on computer hardware purchased and software licensed from third parties to operate the Platform. This purchased or licensed hardware and software may be physically located off-site, as is often the case with "cloud services." This purchased or licensed hardware and software may not continue to be available on commercially reasonable terms, or at all. If CrowdOut cannot

continue to obtain such services elsewhere, or if it cannot transition to another processor quickly, CrowdOut's ability to process payments will suffer and the Funds' ability to receive payments in respect of its underlying debt investments will be delayed or impaired.

*Cybersecurity Risk.* As part of its business, CrowdOut processes, stores and transmits large amounts of electronic information, including information relating to the transactions of its Funds and personally identifiable information of its investors. Similarly, service providers of CrowdOut or the Funds, especially the administrator, may process, store and transmit such information. CrowdOut has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to CrowdOut may be susceptible to compromise, leading to a breach of CrowdOut's network. CrowdOut's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by CrowdOut to its investors may also be susceptible to compromise. Breach of CrowdOut's information systems may cause information relating to the transactions of the Funds and personally identifiable information of its investors to be lost or improperly accessed, used or disclosed.

The service providers of CrowdOut and the Funds are subject to the same electronic information security threats as CrowdOut. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of its investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of CrowdOut's or the Funds' proprietary information may cause CrowdOut or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds and the Fund's investors' investments therein.

*Use of Leverage.* From time to time, CrowdOut may arrange for long-term recourse borrowings, subject to the limitations in the Governing Documents for each Fund, in order to facilitate closings of Underlying Investments. During periods in which a Fund's portfolio is leveraged (if any), fluctuations in the market value or performance of the portfolio will have a significant effect in relation to such Fund's capital. The use of leverage creates special risks and would increase such Fund's exposure to capital risk and interest costs. Where the associated interest costs are greater than the applicable Fund's income and gains, the net asset value of investments may decrease more rapidly than would otherwise be the case. Lenders may require security to be taken over the applicable Fund's assets. Failure to meet any payment obligations under credit agreements could result in enforcement by lenders of their security interest, which could have a material adverse effect on the relevant Fund's operations. Furthermore, if a Fund is unable to satisfy its obligations to its debt

financiers, CrowdOut may be required to liquidate portions of such Fund's portfolio prior to maturity, resulting in losses.

## **PRIVATE EQUITY**

With respect to its Funds focused on equity investments, CrowdOut's Funds focus primarily on lower-middle to middle-market companies, generally defined as companies with revenue of \$10 million to \$1 billion and EBITDA of \$3 million to \$150 million. CrowdOut seeks to make equity investments across a range of industries and geographies, subject to the investment restrictions set forth in the applicable Governing Documents for each equity focused Fund. CrowdOut aims to achieve each respective Fund's investment objectives by proactively sourcing investment opportunities, conducting rigorous due diligence, developing creative structuring, actively engaging in post investment value creation, and seeking opportunities for timely realization of investments.

### *Identifying Equity Investment Opportunities*

In identifying and maximizing equity investment opportunities, CrowdOut focuses primarily on:

- Investing in companies with an established set of desired characteristics, including revenue of at least \$10 million, strong management teams, long-term growth and cash flow potential, and that have a reason to exist or are in defensive industries;
- Aligning the financial interests of portfolio company management, CrowdOut and the investors;
- Emphasizing conservative capital structures that see CrowdOut either take a majority equity position and/or investing in "senior" equity securities (including preferred equity and convertible debt) with strong minority rights and protections to manage risk and generate returns primarily through growth as opposed to maximum financial leverage;
- Approaching transactions in a diligent, disciplined and patient manner, with long term growth and significant capital appreciation primary goals; and
- Serving as a value-added partner for portfolio companies through active board-level strategic planning and hands-on involvement in identifying, prioritizing and implementing key operational partners, projects and initiatives.

CrowdOut utilizes a variety of proprietary sources to generate deal flow and potential investment opportunities. These sources include:

- CrowdOut's network of advisors and investor relationships that span multiple industries and geographies;

- Access to co-investment opportunities from partners who seek out CrowdOut for its specialized insights, diligent process and value driven approach; and
- CrowdOut's third party relationships with industry professionals and service providers that understand CrowdOut's investment objectives and core values.

### *Deal Flow and Diligence Process for Equity Investment Opportunities*

With respect to its equity investments, CrowdOut generally targets an 8 to 12 year holding period and aims to make 1-3 equity investments per year during the investment period for each relevant equity focused Fund. This, however, is a guideline as some investments are likely to take longer to mature, and others are likely to involve earlier exits and some years may yield more opportunities for equity investments than others. Once a deal is sourced, CrowdOut conducts a highly disciplined and consistent due diligence process to help evaluate the most promising prospective equity investments. All investments that move forward to the negotiation and execution stage must be approved, unanimously, by CrowdOut's Equity Investment Committee (which consists of three senior members of the Firm, including the two co-founders). Concurrently with and following a robust due diligence period, CrowdOut will complete its economic forecasting and modeling and commence negotiation of deal terms. In the Firm's evaluation and research process, CrowdOut looks for opportunities where each relevant Fund and the CrowdOut management team can typically add substantial value beyond simply the Firm's capital.

### *Structuring and Exit for Equity Investment Opportunities*

In structuring investment opportunities, CrowdOut and the relevant Funds will usually have either a control position in their portfolio companies or a senior preferred minority position with protective rights. CrowdOut generally structures any investment-related debt financing for flexibility and growth, rather than maximizing debt financing to generate high leveraged returns. CrowdOut believes that optimal value creation is most likely to occur when the various incentives involved in a transaction are aligned – meaning the financial interests and incentives of a Fund, CrowdOut and its portfolio company management teams are directly aligned. This occurs when all parties have personal capital at risk and share in the upside potential and downside risk of the business. This alignment is fostered in several ways, including the following:

- CrowdOut's related persons and management professionals and their immediate families or estate planning vehicles make a substantial cash commitment to each Fund, to be invested alongside limited partners in all transactions;
- CrowdOut normally requires that portfolio company owner-managers maintain a substantial ongoing ownership interest in the company;



- Where and when possible, CrowdOut seeks to provide senior managers and other employees with the opportunity to make personal investments in the company; and
- The risks and rewards of the Affiliated General Partners and CrowdOut are linked with those of the limited partners by certain key Fund economic features, including:
  - an offset of 100% of all CrowdOut consulting fees, advisory fees, directors' fees and any other transaction fees against Management Fees,
  - and a distribution "waterfall" that provides investors with a return of their invested capital plus a preferred return before the Affiliated General Partner receives any carried interest distributions.

As each CrowdOut Fund investment progresses from an initial close to exit, the Equity Investment Committee at CrowdOut, including CrowdOut's two co-founders, is actively involved in the management and strategic decisions associated therewith. This provides for continuity of CrowdOut's investment, exit and management decisions for each of its Funds.

## **RISKS RELATING TO AN INVESTMENT IN CROWDOUT'S EQUITY FOCUSED FUNDS**

Prospective investors should carefully consider the risks involved in an investment in the applicable Funds including, without limitation, those discussed below. Additional or new risks not addressed below may affect the Funds. The following list of risk factors cannot be and is not intended to be exhaustive. Prospective investors should consult their own legal, tax and financial advisers about the risks of an investment in the Funds. The following risk factors and other relevant risks could have a material adverse effect on a Fund and a member's or a limited partner's investments therein. Capitalized terms not defined herein shall have the meaning given them in the Governing Documents of the applicable Fund.

*Reliance on the Affiliated General Partners and CrowdOut.* Each Fund's success depends on the ability of CrowdOut, its related persons and Affiliated General Partners to develop and implement investment strategies to achieve a Fund's investment objectives. Although the Affiliated General Partners will consult with, and in certain circumstances seek the approval of, a limited partner advisory committee or a certain percentage in interest of limited partners, the limited partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of a Fund. In order to safeguard their limited liability, limited partners will be relying entirely on CrowdOut and its employees to manage the business of the Funds. There can be no assurance that CrowdOut's key investment professionals will continue to be associated with or employed by CrowdOut or its affiliates throughout the life of a Fund. The loss of one or more of these individuals could have a material adverse effect on the performance of the Funds.

*No Prior History; Relation of Previous Investment Programs.* Generally, the Funds will begin operation upon the initial closing and, as a result, the relevant Fund has no operating history. The prior investment results of any person described in any document delivered to a potential investor in connection with the private offering of interests in the Funds are provided for illustrative purposes only and are not indicative of a Fund's future investment results. The nature of and risk associated with a Fund's future investments may differ substantially from those investments and strategies undertaken historically by CrowdOut or its related persons. Past performance is not necessarily indicative of future results and is no guarantee of future performance. There can be no assurance that a Fund's investments will perform as well as the past investments of CrowdOut or any related person or that a Fund will be able to avoid losses. CrowdOut, its related persons and the Affiliated General Partners may pursue investments outside of the industries and sectors in which CrowdOut has previously made investments. Potential investors should review the materials included in a Fund's virtual dataroom and contact CrowdOut or the Affiliated General Partner for additional information.

*Long-Term Nature of Investment; No Assurance of Investment Return.* A Fund's task of identifying and negotiating investment opportunities, managing such investments and realizing a return for investors is typically a long, time-consuming process with no certainty of return on investment. There will likely be little if any near-term cash flow available to the limited partners, and there is no assurance that a Fund will be able to invest its capital on attractive terms, generate returns for its investors or return the capital contributed by them. There can be no assurance that the actual rates of return achieved by a Fund will equal or exceed any targeted returns.

*Illiquidity of Limited Partner Interests.* The limited partner interests of each Fund have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state, country or other jurisdiction and cannot be resold unless they are subsequently registered under the Securities Act and other applicable U.S. and non-U.S. securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests under the Securities Act or other securities laws will ever be effected. There is no public market for the limited partner interests and none is expected to develop. The interests are not transferable except with the prior consent of CrowdOut and/or an Affiliated General Partner, which may be granted, rejected or conditioned in its sole discretion. Withdrawals of Interests may not be permitted, except as set forth in the Governing Documents in extraordinary circumstances when necessary to comply with laws or regulations applicable to a Limited Partner. While there may be a secondary market for the trading of private fund interests, there can be no assurance that a limited partner will find a willing buyer at an acceptable price who will be approved by CrowdOut and/or an Affiliated General Partner to be admitted as a partner to a Fund upon the sale by a limited partner of its interest. Consequently, limited partners may not be able to liquidate their Interests prior to the termination of a Fund and must be prepared to bear the risks of owning Interests for an extended period of time.

*Portfolio Investment Risks.* All investing activities risk the loss of capital. While CrowdOut and the Affiliated General Partners will attempt to moderate these risks, there can be no assurance that limited partners will not suffer substantial or complete losses.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, global pandemics, presidential, congressional and other elections or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. Furthermore, such confidence may be adversely affected by local, regional or global health crises including but not limited to the rapid and pandemic spread of novel viruses commonly known as SARS, MERS and COVID-19. Such health crises could exacerbate political, social and economic risks previously mentioned and result in significant breakdowns, delays and other disruptions on a local, regional and global scale, which are likely to have adverse effects on the operating performance of affected portfolio companies. A climate of uncertainty, including the spread of infectious viruses or diseases, may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This would likely slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn would likely have an adverse effect upon the Funds' portfolio companies.

*Inflationary and Banking Risks.* A Fund's performance may be adversely affected by inflationary conditions in any market in which the Fund operates or in which its investments are located. Deterioration in economic conditions, or a significant rise in inflation, could cause a decrease in the relative value of any fixed income investments (or similar investments with fixed rates of return), bankruptcy and insolvency filings to increase, and the ability of borrowers to pay their debts or counterparties to satisfy their obligations could be adversely affected. This may in turn adversely impact a Fund's business and financial results. If global credit market conditions and the stability of global banks deteriorate, the amount of lending and financing could be reduced, thus reducing the volume of investments available for purchase, which could adversely affect a Fund's business, financial results, and ability to succeed in various markets. Other factors associated with the economy that could influence a Fund's performance include the financial stability of the lenders on any bank loans and credit facilities and a client's access to capital and credit. Furthermore, inflationary pressures may result in the reduction of the value and relative performance of a Fund's portfolio companies.

*Third-Party Involvement in Investments.* Investments involving multiple co-investors may pose additional risks and may be more difficult to finance and exit. For example, a Fund may co-invest with third parties through joint ventures or other entities. A co-investment commitment to a portfolio company may be substantial. Such investments may involve risks not present in investments where third parties are not involved, including the possibility that a co-investor may experience financial, legal or regulatory difficulties, may at any time have economic or business interests or goals which are inconsistent with those of a Fund, may take a different view from a Fund as to the appropriate strategy for an

investment, or may be in a position to take action contrary to a Fund's investment objectives. Moreover, as a result of co-investment arrangements, a Fund may be liable for the actions of third-party co-investors under certain circumstances. While CrowdOut, its related persons and/or the Affiliated General Partners will review the qualifications and previous experience of co-venturers or partners, it does not expect to obtain financial information from, or to undertake private investigations with respect to, prospective co-venturers or partners. Although CrowdOut, its related persons and/or the Affiliated General Partners will monitor the performance of each investment, in some cases it may be the responsibility of corporate management teams, joint venture partners and third-party managers to operate the investments on a day-to-day basis. There can be no assurance that the management team or any joint venture partner will be able to operate successfully the companies in which a Fund invests.

*Difficulty of Locating Suitable Investments; Competitive Marketplace.* The success of a Fund will depend on the ability of CrowdOut to identify suitable investments, to negotiate the purchase of these investments at a price and on terms acceptable to a Fund, to arrange the closing of appropriate transactions and to arrange the timely disposition of investments on favorable terms. There can be no assurances that there will be a sufficient number of suitable investment opportunities to enable a Fund to invest all of its committed capital in opportunities that satisfy such Fund's investment objective, or that such investment opportunities will lead to completed investments by such Fund. Additionally, identification of attractive investment opportunities generally will be subject to market conditions. The Funds may also face increasing competition for such opportunities over time. The investment opportunities a Fund identifies may be through auctions where there is a substantial amount of competition among prospective buyers of these companies, including private equity firms. There can be no assurances that once an investment opportunity is identified the seller will select such Fund to make an investment. Further, even if a Fund is selected, there can be no assurances that the investment will still be deemed an appropriate investment opportunity for such Fund after due diligence is completed.

*Control Person Liability.* The Funds may hold controlling interests in portfolio companies. The exercise of control over a portfolio company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, failure to withhold and make tax payments, violations of law, and governmental regulation (including securities laws), and other types of liability for which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, a Fund might suffer a significant loss. The exercise of control over a portfolio company could expose the assets of a Fund to claims by the portfolio company, its security holders, and its creditors. Each Fund could still incur significant costs in defending those claims, even in the case that such Fund is a prevailing party.

*Non-Controlling Investments.* The Funds may hold non-controlling interests in certain portfolio companies. As a condition of making non-controlling investments in portfolio companies, the Funds will typically seek to obtain appropriate shareholder rights to protect the Funds' investment, but it may not be possible to obtain such rights in all cases. If a Fund does not have a controlling position or shareholder rights to protect its interests, it is possible the portfolio company or other shareholders could take actions that negatively

impact the value of such Fund's investments or that prevent such Fund from disposing of its investments in the portfolio company.

*Nature and Illiquidity of Fund Investments.* Almost all of a Fund's investments will be highly illiquid and long-term, and there can be no assurances that such Fund will be able to realize a positive return on such investments. The Funds may invest in illiquid securities of privately held companies. The Funds may seek to generate returns by selling these securities in a private sale to a strategic buyer or to another private equity firm. There can be no assurances that a Fund will be able to complete sales of portfolio company securities in a timely fashion and for a fair price and otherwise on acceptable terms and conditions. A Fund may also attempt to sell portfolio company securities in a public offering. Any such public offering of securities would require a substantial investment of time and attention by CrowdOut and a substantial cash expense by the portfolio company whose securities are being registered, in part because the laws of the U.S. and the various countries in which such securities may be offered, and the regulations of applicable securities exchanges, can be quite burdensome and complex. There can be no assurances a market for the securities of any company held by a Fund would exist even following a public offering. The cultivation of an investment for disposition, together with the disposition itself, may involve a substantial amount of time. Even when an investment is successfully disposed, some of the consideration may be deferred through the use of lock ups, earn-outs, promissory notes, escrows, holdbacks and other similar arrangements.

A significant portion of an equity focused Fund's investments will be in equity or equity-related investments which, by their nature, involve business, financial, market and/or legal risks. While such investments offer the opportunity for gains, they also involve a high degree of risk that can result in a substantial or complete loss of principal. There can be no assurance that CrowdOut will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. A variety of other factors that are inherently difficult to predict, especially for highly illiquid and long-term investments, such as domestic or international economic and political developments, may significantly affect the results of a Fund's activities. As a result, a Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

*Foreign Investments.* Dependent on the Governing Documents of the relevant Fund, a Fund may invest in companies located outside of the United States or with substantial operations outside the United States. Investments in non-U.S. companies involve the following risks, among others: (i) currency exchange risks, controls on, and changes in controls on, foreign investment and limitations on repatriation of invested capital and on such Fund's ability to exchange local currencies for U.S. dollars, (ii) differences between U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets, and the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, (iii) changes in tax treaties, and (iv) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such investments. While each Affiliated General Partner intends, where it deems appropriate, to manage the Funds in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments or changes in law in certain non-U.S. countries in which a Fund invests will not adversely

affect the value of such Fund's investments located in such countries. The economics of individual non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth or gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and balance of payments position.

*Leverage.* Subject to any limitations set forth in the relevant Governing Documents for a Fund, a Fund may use leverage when making investments in portfolio companies. In addition, a Fund may increase the leverage of a portfolio company by using promissory notes or other indebtedness issued by the portfolio company as part of the purchase consideration. Although the use of leverage may enhance returns and increase the number of investments that a Fund can make, it may also substantially increase the risk of loss. Although each Fund will seek to use leverage in a manner the relevant Affiliated General Partner believes is prudent in accordance with such Fund's Governing Documents, the leveraged capital structure of portfolio companies will increase the exposure of those companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio company or its industry. Because the securities in which a Fund may invest may be among the most junior in a portfolio company's capital structure, the inability of a portfolio company to service its debt obligations could result in a loss of principal in such Fund's investment.

*Need for Additional Capital, Support Equity and Add-on Acquisitions.* Each Fund may be called upon to provide follow-on funding for its portfolio companies for support equity or to finance add-on acquisitions. There can be no assurance that such Fund will have sufficient capital to do so, and, even if it does have sufficient capital, it may be limited by restrictions on the amount of capital it can invest in any one portfolio company and its affiliates. Any decision by a Fund not to invest additional capital, or its inability to invest additional capital, may have a substantial negative impact on a portfolio company in need of such an investment or may diminish such Fund's ability to influence the portfolio company's future development.

*Portfolio Concentration.* Although, in general, no more than 20% of the aggregate capital commitments will be invested in any one portfolio company (including add-on acquisitions), a Fund's portfolio may include a small number of large positions. While this portfolio concentration may enhance total returns to partners, if any large position has a material or complete loss, then returns to the partners may be lower than if they had invested in a more diversified portfolio. Such Fund's investments may be concentrated in one or more specific industries. Concentration of investments in an industry, type of security or geographic region will make such Fund more exposed to fluctuations in value resulting from adverse conditions in those sectors.

*Bankruptcy of Portfolio Companies.* A Fund may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of such Fund. There is also a risk that a court may subordinate a Fund's investment to other creditors or require such Fund to return amounts previously paid to it by a portfolio company that became insolvent or

files for bankruptcy, a risk that could increase if such Fund has management rights in such portfolio company.

*Unspecified Use of Proceeds.* Limited partners will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Funds and, accordingly, will be dependent upon the judgment and ability of CrowdOut and its Affiliated General Partners in investing and managing the capital of the Funds. No assurance can be given that a Fund will be successful in obtaining suitable investments, or that if such investments are made, the objectives of such Fund will be achieved.

## **RISKS RELATED TO MANAGEMENT OF THE FUNDS (BOTH CREDIT FOCUSED AND EQUITY FOCUSED) AND THEIR INVESTMENTS**

*Risks Arising from Provisions of Managerial Assistance.* The Funds may designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Funds to claims by a portfolio company, its security holders and its creditors. While CrowdOut and the Affiliated General Partners intend to manage the Funds in a way that will minimize exposure to the risks, the possibility of successful claims cannot be precluded.

*Time and Attention of Principals.* Alexander Schoenbaum and Brian Gilmore will actively participate in the activities of the Funds pursuant to the terms of the relevant Governing Documents. CrowdOut and its affiliates are also responsible for managing certain other investment funds and sponsor special purpose acquisition vehicles and may in the future organize, sponsor, manage, and operate additional investment funds or sponsor special purpose acquisition vehicles. CrowdOut and its affiliates, including Alexander Schoenbaum and Brian Gilmore, will also be permitted to pursue certain other business activities outside the Funds including the CrowdOut Platform. Nothing contained herein or in the Governing Documents of the Funds will restrict or prohibit CrowdOut, the Affiliated General Partners or their respective affiliates in this regard.

*Reliance on Portfolio Company Management.* The day-to-day operations of a portfolio company will be the responsibility of that company's management team. Although the relevant Fund will be responsible for monitoring the performance of the portfolio companies and generally will seek to invest in companies operated by capable management, there can be no assurance that an existing management team, or any successor team installed by such Fund, will be able to successfully operate a portfolio company in accordance with such Fund's investment strategy.

*Board Participation.* Affiliates of the Funds may serve on the board of directors (or similar governing body) of the portfolio companies and, as such, have duties to persons other than the Funds. Although holding board positions will be important to a Fund's investment strategy and may enhance the ability of such Fund and its Affiliated General Partner (or CrowdOut, as applicable) to manage investments, director positions may also have the effect of impairing the Affiliated General Partner's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the relevant Fund and

its Affiliated General Partner to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director-related claims. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect the relevant Fund from such liability. In general, to the extent not covered by the portfolio companies, each Fund will indemnify the Affiliated General Partner (and/or CrowdOut, as applicable) from those claims.

*Diverse Limited Partner Group.* The limited partners of each Fund may include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such limited partners may have conflicting investment, tax and other interests with respect to their investments in the relevant Fund. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by the relevant Fund, the structuring of the acquisition of investments and the timing of the disposition of investments and the various tax laws applicable to various limited partners. As a consequence, conflicts of interest may arise in connection with decisions made by an Affiliated General Partner, including with respect to the nature or structuring of investments, that may be more beneficial for one limited partner than for another limited partner, especially with respect to limited partners' individual tax situations.

*Carried Interest.* The generation of carried interest by a Fund on behalf of the Affiliated General Partner may create an incentive for such Affiliated General Partner to cause the relevant Fund to make riskier or more speculative investments than would be the case in the absence of this arrangement. In addition, the existence of carried interest may create conflicts of interest with respect to the management and disposition of investments, including the timing of dispositions.

*Management Fees and Fund Expenses.* Regardless of the aggregate amount actually invested by a Fund, the management fee will be based upon the aggregate capital commitments of the limited partners during the investment period, after which it will be based on the limited partners' proportionate share of the aggregate cost basis of all portfolio investments that are then held by the relevant Fund and that have not become realized investments. Each relevant Fund will pay the management fee and its proportionate share of certain costs and expenses as described in the applicable Governing Documents. These fees and expenses are expected to reduce actual returns to investors. These fees and expenses will be paid regardless of whether a Fund produces positive investment returns. If a Fund does not produce significant positive investment returns, these fees and expenses could reduce the amount of the investment recovered by a limited partner to an amount less than the amount invested in such Fund by such limited partner.

*Indemnification.* Each Fund, except in certain circumstances set forth in the relevant Governing Documents for such Fund, will be required to indemnify the Affiliated General Partner, the initial limited partner, CrowdOut, each key person and each of their respective affiliates; each of the current and former shareholders, officers, directors, employees, partners, members, managers, and agents of any of the relevant Affiliated General Partner, CrowdOut, each key person, and each of their respective affiliates and other persons who serve at the request of the relevant Affiliated General Partner on behalf of the applicable



Fund for liabilities incurred in connection with the affairs of such Fund. These liabilities may be material. For example, in their capacity as directors of a portfolio company, the members, managers, advisors and affiliates of the relevant Affiliated General Partner or CrowdOut may be subject to certain claims. The indemnification obligations of the applicable Fund would be payable from the assets of such Fund, including the unfunded capital commitments of the applicable limited partners. In addition, if the assets of the applicable Fund are insufficient, the relevant Affiliated General Partner may recall distributions previously made to the limited partners, subject to certain limitations set forth in the relevant Governing Documents. Such obligations will survive the dissolution of such Fund.

## **RISKS RELATED TO THE DISPOSITION OF INVESTMENTS IN PORTFOLIO COMPANIES**

*Contingent Liabilities on Disposition.* In connection with the disposition of an investment, each Fund may be required to make representations about the business and financial affairs of the portfolio company being sold. Each Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements will expose the applicable Fund to contingent liabilities that ultimately might yield funding obligations that must be satisfied by the partners to the extent required by such Fund's Governing Documents.

*Difficulty Making Dispositions.* Because certain of a Fund's investments may be long-term investments made in portfolio companies that are highly illiquid, such Fund may experience difficulty in disposing of certain of its investments at opportune times or valuations, or at all. No Fund will be able to predict with confidence what the exit strategy will ultimately be for any given investment, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

*Distributions in Kind.* Although, under normal circumstances, each Fund intends to make distributions in cash and marketable securities, it is possible that under certain circumstances (including the liquidation of the relevant Fund), distributions in kind may consist of securities for which there is no readily available public market.

*Valuation of Investments.* Generally, the applicable Affiliated General Partner and/or CrowdOut will determine the value of all the relevant Fund's investments in accordance with the applicable Governing Documents.

There can be no assurance that CrowdOut or the relevant Affiliated General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of CrowdOut and/or the applicable Affiliated General Partner with respect to an investment will represent the value realized by the applicable Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such

investment on the date of its valuation. Accordingly, the valuation decisions made by CrowdOut and/or the relevant Affiliated General Partner may cause it to ineffectively manage a Fund's investment portfolio and risks and may also affect the diversification and management of such Fund's investment portfolio.

## **OTHER RISKS**

*Significant Penalty for Failure to Make Capital Contributions.* With respect to any closed ended Fund, the consequences to a limited partner if it does not timely make its capital contributions to such Fund are significant. Each Affiliated General Partner will be granted additional powers in the relevant Governing Documents to deal with defaulting limited partners.

*Side Letters.* CrowdOut and/or the applicable Affiliated General Partner, on behalf of each Fund, may enter into side letters with one or more limited partners that provide such limited partners with additional or different rights than such limited partners have pursuant to relevant Governing Documents or such limited partners' subscription agreements. As a result of such side letters, certain limited partners may receive additional benefits that other limited partners will not receive or be entitled to and, subject to applicable law, limited partners may not be aware of the existence of such side letters.

*Legal, Tax and Regulatory Risks.* The regulatory considerations affecting the ability of a Fund to achieve its investment objectives are complicated and subject to change. In addition, other legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund. There can be no assurance that the structure of a Fund or of any investment will be tax-efficient to any particular partner. Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax exempt and non-U.S. investors, with regard to any special issues that investment in a Fund may raise for such investors.

Each prospective investor should also be aware that other developments in tax laws could, directly or indirectly, have a material effect on the tax consequences to a Fund and/or the partners and that investors may be required to provide certain additional information to a Fund (which may be provided to the IRS or other taxing authorities) or may be subject to other material adverse consequences as a result of such change in tax laws.

*Regulatory Matters Related to Private Equity.* There has been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry and its practices. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of such Fund to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. Specific and general regulations addressing the private equity industry, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio companies, the

profitability of enterprises, and the costs of operating a Fund. Additional regulation could also increase the risk of third-party litigation.

On July 21, 2010 the President of the United States signed into law major financial services reform legislation in the form of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”). The Dodd-Frank Act, among other things, grants regulatory authorities such as the U.S. Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission (the “**SEC**”) broad rulemaking authority to implement various provisions of the Dodd-Frank Act. Regulators may exercise these expanded powers and undertake rulemaking, supervisory or enforcement actions that adversely affect the Funds or investments made by the Funds.

Additionally, the U.S. Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as certain of the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the Funds’ income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation could adversely affect CrowdOut or other individuals associated with the relevant Funds or the Affiliated General Partners who were or may in the future be granted direct or indirect interests in the Affiliated General Partners entitling such persons to benefit from carried interest. This may reduce such persons’ after-tax returns from the applicable Fund and the relevant Affiliated General Partner, which could make it more difficult for such Affiliated General Partner and its affiliates to incentivize, attract and retain individuals to perform services for such Fund.

*European Union Legislation (Alternative Investment Fund Managers Directive).* The EU Alternative Investment Fund Managers Directive (the “**AIFMD**”) came into effect on July 22, 2013. The AIFMD regulates the activities of private fund managers undertaking fund management activities or marketing fund interests to investors within the European Union (“**EU**”). If a Fund is marketed to EU-based investors: (i) such Fund will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in such Fund incurring additional costs and expenses; and (ii) the AIFMD will also restrict certain activities of such Fund in relation to EU portfolio companies including, in some circumstances, such Fund’s ability to recapitalize, refinance or potentially restructure an EU portfolio company within the first two years of ownership. In addition, it is possible that some EU jurisdictions will elect to restrict or prohibit the marketing of non-EU funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of capital commitments.

*Cybersecurity Risk.* Each Fund, its 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 each Fund and its investors, despite the efforts of CrowdOut, its related persons, its Affiliated General Partners and its 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 such Fund and

its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of CrowdOut, its related persons, its Affiliated General Partners, its 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 CrowdOut's systems to disclose sensitive information to gain access to a Fund's data or that of a Fund's investors. A successful penetration or circumvention of the security of a Fund'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 CrowdOut, its related persons, its Affiliated General Partners or its service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

*The Funds Will Not Register Under the Investment Company Act.* None of the Funds will be registered under the U.S. Investment Company Act of 1940, as Amended (The "**Investment Company Act**"). CrowdOut and the Affiliated General Partners intend to conduct the Funds' activities so as not to be subject to the restrictions to which a registered investment company under the Investment Company Act would be subject and will differ significantly in many respects from a registered investment company. Limited partners will not have the benefits and protections arising out of the registration under the Investment Company Act. However, if a Fund was to become subject to the Investment Company Act because of a change in law or otherwise, the various restrictions imposed by the Investment Company Act and the substantial costs and burdens of compliance therewith could adversely affect the operating results and financial performance of such Fund. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered investment company.

***The foregoing lists of risk factors for both private credit and private equity investments do not purport to be a complete enumeration or explanation of every risk involved in an investment with CrowdOut. Prospective investors should read the entire Brochure as well as the Governing Documents and other materials that may be provided by CrowdOut and consult with their own advisers prior to engaging CrowdOut's services.***

## **Item 9 – Disciplinary Information**

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CrowdOut and its supervisory persons have not been a party to any legal or disciplinary events that would be material to a client's or prospective client's evaluation of its investment advisory business or the integrity of its management.

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

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### **Item 10.A**

Not applicable. CrowdOut is currently not applying to register as a broker-dealer and does not intend to.

### **Item 10.B**

Not applicable. CrowdOut and its management persons are not registered, and have not applied to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or associated persons of a futures commission merchant.

### **Item 10.C.**

As noted in Items 4.B., 5.A. and 6, each of CrowdOut or its Affiliated General Partners serves as a managing member or general partner to its respective Funds and is entitled to a performance-based fee or carried interest, as the case may be, and as provided in the respective Fund's Governing Documents. Employees and supervisory persons of CrowdOut commit capital to the Funds, and as a result every investment made by a Fund involves a purchase of securities whereby related persons of CrowdOut either directly or indirectly acquire an interest in such securities.

CrowdOut and its respective affiliates may encounter potential conflicts of interest in connection with the Funds' interests, assets or activities (including certain conflicts of interest as among the interests of certain Funds and the Platform). If any matter arises that CrowdOut determines in its good faith judgment constitutes an actual conflict of interest, CrowdOut will take such actions as may be necessary or appropriate to ameliorate the conflict.

Conflicts of interest may arise from the fact that CrowdOut and its affiliates provide loan servicing to the Platform and may in the future provide such loan servicing and/or investment management services to additional clients other than the Funds, including, without limitation, separately managed accounts, proprietary accounts and other investment accounts. The Funds will not typically have an interest in any non-Funds Client, including the Platform.

CrowdOut, its affiliates and personnel will devote as much of their time to the activities of the Funds or other type of Client as they deem necessary and appropriate. Subject to the terms set forth in the relevant Governing Documents, CrowdOut, its affiliates and personnel will not be restricted from raising additional Funds, from entering into investment advisory relationships with other types of Clients (such as separately managed accounts) or from engaging in other business activities, even if such activities may be in competition with the Funds and/or may involve substantial time and resources of CrowdOut, its affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of CrowdOut, its affiliates and personnel will not be

devoted exclusively to the business of the Funds but will be allocated between the business of the Funds and other Clients and businesses.

Investors may have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments and the structure, timing or manner of disposition of investments. Consequently, decisions made by CrowdOut, including with respect to the nature or structuring of investments or dispositions, may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, CrowdOut will consider the investment and tax objectives of each Fund as a whole, not the investment, tax or other objectives of any investor individually.

#### **Item 10.D**

Not applicable. CrowdOut and its management persons do not recommend or receive compensation for selection of other investment advisers for its Clients.

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

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#### **Item 11.A**

##### *Code of Ethics*

CrowdOut has adopted a written Code of Ethics that is applicable to all of its members, officers, principals, employees, as well as certain officers, principals and employees of its affiliates and certain independent contractors (collectively, “**Employees**”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Certain Employees and affiliates of CrowdOut may invest in and alongside the Clients, either through the Affiliated General Partners, as direct investors in the Clients, through co-invest vehicles or otherwise. CrowdOut, a Client or its Affiliated General Partner, as applicable, may reduce all or a portion of the management fee, performance based compensation and/or carried interest related to investments held by such persons. Under the Code of Ethics, CrowdOut Employees are also required to file certain periodic reports with CrowdOut's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act.

CrowdOut Employees 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. CrowdOut Employees are also required to promptly report any violation of the Code of Ethics of which they become aware. The Code of Ethics is circulated to all Employees at least annually and each Employee must periodically certify in writing that he or she has received and read the Code and any amendments thereto.

A copy of the Firm's Code of Ethics is available to Clients or investors and prospective Clients or prospective investors upon their individual request. Contact information is provided on the cover of this Brochure.

### **Items 11.B, 11.C, and 11.D**

Certain conflicts that may be encountered in the course of CrowdOut's activities for or on behalf of the Clients are described in Items 5, 6, 8 and 10 above and reference is made thereto. In addition, the Governing Documents of the Funds address in detail certain other reasonably anticipated potential conflicts.

#### *Personal Trading Restrictions and Reporting*

Before completing any personal investments, each Employee must first confirm the issuer is not on CrowdOut's restricted list. This list is updated and posted internally and on the Firm's compliance monitoring software for CrowdOut Employees on a daily basis. If the issuer is on the restricted list, the transaction cannot be completed without Chief Compliance Officer approval.

With limited exceptions, the Code of Ethics requires that Employees periodically deliver to the Chief Compliance Officer a report of the holdings in such Employees accounts and the accounts of certain related persons. An Employee can satisfy this requirement by having his or her financial institution(s) send duplicate monthly or quarterly statements, as applicable, and any other information or documents the Chief Compliance Officer requests, directly to CrowdOut.

#### *Insider Trading and Material Non-Public Information*

CrowdOut has adopted an insider trading policy. In the course of its investment management and other activities, CrowdOut or its Employees may come into possession of confidential or material nonpublic information about issuers, including issuers in which CrowdOut has invested or seek to invest on behalf of one or more of its Funds. CrowdOut is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Fund. CrowdOut will maintain and enforce written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that CrowdOut is meeting its obligations to its Funds and remains in compliance with applicable law. In certain circumstances, CrowdOut may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but CrowdOut will be prohibited from communicating such information to the Funds or using such information for the Funds' benefit. In such circumstances, CrowdOut will have no responsibility or liability to the Funds for not disclosing such information to the Funds (or the fact that CrowdOut possesses such information), or not using such information for the Funds' benefit, as a result of following CrowdOut's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

### *Gifts*

The general gift policy in the Code of Ethics is that gifts and entertainment, both given and received, should not (i) be so frequent or generous as to appear excessive; (ii) place the recipient under any obligation or create the appearance or potential of undue influence; or (iii) exceed levels reasonable and customary in the context of the relevant Employee's business and the relationship with the donor or recipient. Employees must obtain preclearance for gifts and entertainment with a value above a specified level.

### *Allocation of Investment Opportunities*

CrowdOut may face actual or potential conflicts of interest when allocating investment opportunities among Clients. The general policy of CrowdOut is to allocate investment opportunities among the applicable Clients in a fair and equitable manner and in accordance with the terms of its policies and the applicable Governing Documents for such Clients.

CrowdOut generally will allocate investment opportunities based on each Client's investment strategy and scope under the respective Client's Governing Documents, among other relevant factors, which also include, each Client's investment objectives and focus; each Client's liquidity and reserves; each Client's diversification; amount of capital available for investment by each Client as well as each Client's projected future capacity for investment; stage of development of the prospective portfolio investment and anticipated holding period of the portfolio investment; composition of each Client's portfolio; the suitability as a follow-on investment for a current portfolio investment of an Client; the availability of other suitable investments for each Client; risk considerations; cash flow considerations; asset class restrictions; industry and other allocation targets; minimum and maximum investment size requirements; tax implications; legal, contractual or regulatory constraints; and any other relevant limitations imposed by or conditions set forth in the Client's Governing Documents. The Firm will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Client or (ii) the profitability of any Client.

With respect to co-investment vehicles, CrowdOut generally anticipates that co-investment vehicles may have bespoke economic terms with respect to fees and carried interest that are different from the Funds, but it is generally expected that each co-investment vehicle will invest and divest in investments at substantially the same time and on substantially the same terms as other CrowdOut Clients that are participating in the investment. Please refer to the co-investment related risk factors that are included in Items 4.B, 5.C and 8 of this Brochure and the co-investment related risk factors that are included in the Governing Documents for each Fund.

As it relates to CrowdOut's credit Funds and CrowdOut's lending Platform, CrowdOut may allocate investment opportunities among the applicable Fund and the Platform in any manner that it reasonably determines to be necessary, desirable or appropriate, consistent with its fiduciary duties to the applicable Funds, taking into account a number of factors, including concentration limits, the size of the Underlying Loan, available capital for the



applicable Fund, tax and regulatory considerations, the overall portfolio composition of the applicable Fund, and the risk profile governing the applicable Fund and the Platform. It is generally anticipated that the sale or payoff of any Underlying Loan held by both the Fund and the Platform will occur on a pari passu basis, except as may otherwise be disclosed to investors pursuant to the relevant Governing Documents or offering documents.

## **Item 12 – Brokerage Practices**

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### **Item 12.A**

CrowdOut invests primarily in non-public debt and equity securities, although it may acquire, sell, or distribute public securities on occasion. When selecting private placement opportunities, CrowdOut believes it satisfies its best execution responsibilities through careful negotiation of the terms of the investment. With respect to those limited instances in which the Funds may purchase or sell or distribute publicly traded securities through a broker-dealer, CrowdOut expects to satisfy its best execution obligation by considering all relevant facts and circumstances, including the price and size of the order, the trading characteristics of the securities involved, the value of the research provided by each broker, the broker's execution abilities, commission rates, financial responsibility and responsiveness.

CrowdOut does not generally have any soft dollar arrangements with respect to securities transactions for the Funds. CrowdOut does not consider referrals of investors to the Funds in determining its selection of broker dealers or other third parties.

### **Item 12.B**

Although CrowdOut does not often trade in public securities, in such circumstances where more than one Fund (if applicable) or more than one Client is either selling or buying the same type of security, CrowdOut will, to the extent possible, generally place a combined order for two or more Funds or Clients, as applicable, engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the Funds' Governing Documents, the Governing Documents of any other Client and otherwise in the best interest of the Funds and each other Client. To the extent CrowdOut aggregates orders for purchase and sale, the Firm will aggregate such orders as it deems appropriate and in accordance with each Client's organizational documents and in the best interests of each Client.

CrowdOut does not envision circumstances where a publicly traded security would be owned by more than one Client. Accordingly, they do not contemplate aggregating orders for the sale of securities across various Client accounts.

## **Item 13 – Review of Accounts**

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### **Item 13.A and 13.B**

CrowdOut closely monitors the Underlying Investments, portfolio companies and other holdings of the Funds and generally maintains an ongoing oversight position in any portfolio companies or borrowers. Each Fund's portfolio is reviewed on at least a quarterly basis by the Firm's Credit Investment Committee and/or the Firm's Equity Investment Committee, as applicable, which review the various performance indicators and financial metrics relating to each relevant Fund's Underlying Investments or portfolio companies. The Firm's Credit Investment Committee is composed of four senior investment professionals of CrowdOut, including its two co-founders. The Firm's Equity Investment Committee is composed of three senior investment professionals of CrowdOut, including its two co-founders.

Significant market events affecting the prices of one or more position in Fund accounts, borrower defaults or increased credit risk with respect to Underlying Loans and/or Underlying Investments, changes in the investment objectives or guidelines of a particular Fund or specific arrangements with particular Funds may trigger reviews of Fund accounts on a more frequent basis.

### **Item 13.C**

Investors in each Fund will receive reports from the Funds pursuant to the terms of each Fund's Governing Documents. Generally speaking, Investors in the Funds will receive, among other things, audited financial statements of the relevant Fund annually. In addition, investors in each Fund will receive written reports containing unaudited summary financial information regarding such Fund on at least a quarterly basis. Investors in the Funds also receive regular reporting updates through quarterly letters, capital account statements and other investor communications. CrowdOut and/or the applicable Affiliated General Partner will from time to time, in their sole discretion and subject to applicable law, provide additional information relating to a Fund to one or more investors in such Fund as they deem appropriate.

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

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### **Item 14.A**

In connection with investments made by any Fund, CrowdOut or its related persons and/or Affiliated General Partners may receive consulting fees, commitment fees, origination fees, monitoring fees, break-up fees, success fees or other remuneration from portfolio companies in which one or more of the Funds may invest or propose to invest (or affiliates of such portfolio companies). The potential for CrowdOut or its related persons and/or Affiliated General Partners to receive such economic benefits creates a conflict of interest as or its related persons and/or Affiliated General Partners may have an economic incentive

to invest in portfolio investments that provide such benefits. To mitigate potential conflicts, CrowdOut will generally either provide a portion of such economic benefit directly to the Fund for the benefit of all investors, offset a portion of such benefits against Management Fees payable by the applicable Fund or otherwise remit such benefits to the investors in such Fund in accordance with such Fund's Governing Documents. Investors are requested to refer to the Governing Documents of the applicable Fund for complete information on the additional compensation received by CrowdOut or its related persons and/or Affiliated General Partners in connection with such Fund's investments and the methodology used to calculate the applicable management/advisory fee offset (if any).

#### **Item 14.B**

CrowdOut or its related persons and/or Affiliated General Partners may from time to time enter into, and have previously entered into, cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to the Funds. In accordance with the terms of the applicable Fund's Governing Documents, any such placement agent fees will usually ultimately be payable by CrowdOut and/or its related entities, either directly or through an offset of the advisory fee payable by such Fund to CrowdOut. A Fund investor will typically not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. CrowdOut will provide prospective investors with detailed disclosures regarding a placement agent's compensation (and associated conflicts) via applicable Fund offering documents or separately. Prospective investors should carefully review such disclosures.

Currently CrowdOut has retained Uhlmann Price Securities, LLC, a placement agent, to solicit commitments from investors for certain Funds in exchange for a fee based on a percentage of the aggregate commitment amount for certain third-party investors (depending on the amount sold), subject to certain exclusions and exceptions. CrowdOut currently bears all of the costs of such placement agent fees under this arrangement. This agreement may be terminated by either CrowdOut or Uhlmann Price Securities, LLC on 30 days prior written notice.

These arrangements are in compliance with the marketing rule, Rule 206(4)-1 of the Advisers Act as of its effective date.

#### **Item 15 – Custody**

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CrowdOut is deemed to have custody of each Fund's assets by virtue of the fact that CrowdOut, its related persons and/or its Affiliated General Partners serve as either the managing member or the general partner of each such Fund.

As CrowdOut's investment program primarily involves investments in non-public debt or privately placed equity, CrowdOut will generally not have physical custody of any client assets (other than physical custody of certain privately offered securities held directly or indirectly by the Fund to the extent permitted by the Advisers Act). CrowdOut anticipates that many of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated,

and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer's outstanding securities. To the extent that CrowdOut holds any publicly traded securities or securities which are otherwise ineligible for an exemption from the qualified custodian requirement of Rule 206(4)-2 under the Advisers Act ("**Custody Rule**"), CrowdOut will maintain such securities with a qualified custodian in an account in the name of the applicable Fund or in accounts that contain only funds and securities owned by the relevant Fund, under CrowdOut's name as agent or trustee for the applicable Fund. Client funds will be maintained with a qualified custodian.

In accordance with the Custody Rule, each Fund will be subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to investors within 120 days of the end of each Fund's fiscal year. In addition, upon the final liquidation of each Fund, CrowdOut will obtain a final audit and distribute audited financial statements prepared in accordance with U.S. GAAP with respect to the Fund to all investors promptly after completion of the audit.

## **Item 16 – Investment Discretion**

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Subject to the investment objectives, policies and restrictions of each Fund as set forth in the Governing Documents of such Fund, CrowdOut and its affiliates have discretionary authority to determine the type, amount and price of securities, investments, Underlying Loans and Underlying Investments to be bought and sold on behalf of each Fund. Investors in each Fund must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in the applicable Fund, and agree to be bound by the terms of such Fund's Governing Documents which includes the discretionary authority of CrowdOut and its affiliates to act on behalf of the Fund. Additionally, in certain limited circumstances, CrowdOut is provided with this authority pursuant to a limited power of attorney granted by a Fund's investors via such Fund's Governing Documents. Fund investors may also negotiate side letters that include investor-specific investment restrictions (including but not limited to certain excuse rights).

## **Item 17 – Voting Client Securities**

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To the extent that CrowdOut has discretion to vote proxies on behalf of a Fund, CrowdOut will vote any such proxies in the best interests of such Fund and in accordance with its proxy voting policies contained in the Firm's compliance manual (the "**Compliance Manual**"). Given CrowdOut's business as a private fund manager that specializes in direct lending to and providing financing solutions for lower-middle to middle market companies, it is anticipated that it will be extremely rare that CrowdOut will receive proxies with respect to securities held on behalf of any of its Funds. However, in the event proxies have to be voted, CrowdOut has adopted and implemented written policies and procedures governing the voting activities on behalf of the Funds in accordance with its fiduciary duty

to clients and Rule 206(4)-6 of the Advisers Act. Its proxy voting activities are conducted in a manner consistent with, under all circumstances, the best interest of the Funds.

In exercising its proxy voting discretion, CrowdOut and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision, or otherwise mitigate any conflicts that may arise. In the event of a material conflict of interest, CrowdOut will follow the written policies and procedures detailed in the Compliance Manual. Although not intended to be used on a regular basis, CrowdOut may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified). In the event proxy voting procedures were ever to be utilized, CrowdOut would keep a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received, and internal documents created that were material to voting decisions, and each investor request for proxy voting records and CrowdOut's response for the previous five years.

All proxies that CrowdOut receives will be treated in accordance with these policies and procedures. A copy of CrowdOut's written proxy voting policies and procedures, as well as a record of how CrowdOut has voted in the past (to the extent applicable), will be maintained and available for review upon written request.

## **Item 18 – Financial Information**

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### **Item 18.A**

Not applicable. CrowdOut does not require nor solicit pre-payment of more than \$1,200 in fees per client, six months or more in advance.

### **Item 18.B and Item 18.C**

CrowdOut has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Clients and has not been the subject of bankruptcy proceedings.