



Item 01. Cover Page

Form ADV Part 2A Brochure: Carlyle Aviation PDP Management LLC

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March 30, 2024

This Brochure provides information about the qualifications and business practices of Carlyle Aviation PDP Management LLC and its relying advisers (together, the “**Investment Adviser**” or “**CAPDP**”). If you have any questions about the contents of this Brochure, please contact us at (305) 579-2340 or compliance@carlyle.aero. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about the Investment Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov (click on “Investment Adviser Search” then select “Firm” and type in our advisory firm’s name, “Carlyle Aviation PDP Management”).

CAPDP is an investment adviser registered with the SEC; this registration does not imply a certain level of skill or training.

Item 02. Material Changes

This Brochure is intended to provide potential and existing clients with an overview of the Investment Adviser. It also contains important disclosures regarding items such as certain practices of the Investment Adviser, potential material conflicts that may arise, and key potential investment risks. While these may not be material, in certain sections, including conflicts of interest, investment risks (including political conflict, public health and current market conditions risk factors) and fees and expenses, additional clarification and detail has been provided as part of our annual updates. We encourage all recipients to read this Brochure carefully in its entirety.

The following is a discussion of the material changes to Investment Adviser's Brochure since the last annual update filed March 31, 2023.

Effective April 30, 2023, Peter J. Clare, Chief Investment Officer of Corporate Private Equity, Chairman of the Americas and Chair of the US Buyout and Growth Investment committees, retired from The Carlyle Group, Inc. ("**Carlyle**" or the "**Public Company**") (Nasdaq: CG). Mr. Clare ceased serving as an executive officer and stepped down from his role as a member of the Carlyle Board, effective February 27, 2023.

On June 20, 2023, Carlyle announced that John Redett would become Carlyle's Chief Financial Officer and Head of Corporate Strategy, effective October 1, 2023. Mr. Redett succeeds Curt Buser, Chief Financial Officer at Carlyle since 2014, who retired from the firm December 31, 2023. Mr. Buser stepped down as Chief Financial Officer effective September 30, 2023, and became a Senior Advisor to assist with the transition until his retirement at the end of 2023.

On July 18, 2023, Carlyle announced that Lúcia Soares would become Carlyle's Chief Information Officer and Head of Technology Transformation, effective immediately. In this role, Ms. Soares is responsible for driving Carlyle's global technology strategy and leading the firmwide Global Technology Solutions organization.

On October 2, 2023, Carlyle announced that Jeff Nedelman would join Carlyle as Global Head of Distribution, effective October 16, 2023. In this role, Mr. Nedelman leads Carlyle's global investor relations team and will oversee global distribution across Carlyle's three business segments, with a focus on both the institutional and private wealth channels.

On January 17, 2024, Carlyle announced that Bruce M. Larson, Chief Human Resources Officer, will retire from Carlyle in the second half of 2024. Mr. Larson ceased serving as Chief Human Resources Officer and is no longer deemed an executive officer of the Public Company effective January 19, 2024. Mr. Larson remains a Senior Advisor to assist with the transition of his responsibilities until his retirement. Following Mr. Larson's retirement, Carlyle appointed Jennifer Barker as Chief Human Resources Officer.

On March 27, 2024, Carlyle announced that Lindsay LoBue would become Carlyle's Chief Operating Officer, effective July 1, 2024. Chris Finn, Carlyle's current Chief Operating Officer, will retire as Chief Operating Officer effective June 30, 2024, and will become a Senior Advisor to Carlyle thereafter.

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Item 04. Advisory Business

Carlyle Aviation Partners Ltd.

Carlyle Aviation PDP Management LLC (“**CAPDP**”), a Delaware limited liability company formed in 2019 (together with its affiliated entities as described below, “**Carlyle Aviation Partners**” or “**Carlyle Aviation**”) provides investment sub-advisory services to a private investment fund focused on certain loan transactions (“**PDP Fund**”).

CAPDP is a wholly owned subsidiary of Carlyle Aviation Partners Ltd., a Bermuda holding company, which also owns, directly or indirectly, Carlyle Aviation Securities Partners LLC (“**CASP**”), Carlyle Aviation Management Limited (“**CAML**”), Carlyle Aviation Fund Management, LLC (“**CAFM**”) and Carlyle Aviation Fund Management II LLC (“**CAFM II**”). CAFM, CAFM II, and CAML serve as “relying advisers” under the umbrella registration of CAPDP. Collectively, these entities operate a single advisory business and are referred to herein as Carlyle Aviation.

CAML, CAFM, and CAFM II provide investment advisory services with respect to certain products, including institutionally focused private funds and managed accounts (each an “**Advisory Client**” and together with the PDP Fund, the “**Advisory Clients**”¹). Certain affiliates of CAPDP serve as the general partners of the Advisory Clients (each such entity in such capacity, a “**General Partner**”). Each General Partner is subject to the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) pursuant to the Investment Adviser’s registration in accordance with SEC guidance.

CASP is an SEC-registered investment adviser that provides investment advisory services to investment funds and separately managed accounts that are offered to qualified investors.

The Carlyle Group Inc.

Various entities affiliated with The Carlyle Group Inc., an affiliate of the Investment Adviser, directly and indirectly own and control Carlyle Aviation. On January 1, 2020, The Carlyle Group L.P. completed its conversion (together with related restructuring steps and transactions, the “**Conversion**”) from a Delaware limited partnership to a Delaware corporation named The Carlyle Group Inc. Pursuant to the Conversion, at the specified effective time on January 1, 2020, each common unit of The Carlyle Group L.P. outstanding immediately prior to the effective time converted into one share of common stock, par value \$0.01 per share (“**Common Stock**”), of the Public Company and each special voting unit and general partner unit was cancelled for no consideration. In addition, holders of the partnership units in Carlyle Holdings I L.P., Carlyle Holdings II L.P., and Carlyle Holdings III L.P. (collectively, “**Carlyle Holdings**”) exchanged such

¹ “Advisory Client” means any fund, pooled investment vehicle, or account for which the Investment Adviser directly or indirectly provides investment advice and/or places trades on a discretionary or nondiscretionary basis. Investors and other persons who invest in Advisory Clients are generally referred to as “investors.” Unless otherwise expressly stated herein, the term “Advisory Clients” does not include “investors,” and the term “investors” does not reference stockholders or debtholders, as applicable, of The Carlyle Group Inc.

units for an equivalent number of shares of Common Stock and certain other internal restructuring steps occurred. In connection with the Conversion, senior Carlyle professionals and certain of the other former limited partners of Carlyle Holdings who became holders of shares of Common Stock in connection with the Conversion were generally required to grant an irrevocable proxy to Carlyle Group Management L.L.C., which is wholly owned by Carlyle's founders and other senior Carlyle professionals. This proxy entitles Carlyle Group Management L.L.C. to vote such shares of Common Stock until the earlier of (i) such time as Carlyle Group Management L.L.C. ceases to have voting power over shares of Common Stock representing at least 20% of the total voting power of all the then outstanding shares of capital stock of the Public Company entitled to vote in the election of directors and (ii) January 1, 2025. As of December 31, 2023, Carlyle Group Management L.L.C. held voting power for approximately 41% of Common Stock. The Investment Adviser does not hold any economic interest in the Public Company, although some of its officers hold Common Stock. From and after the consummation of the Conversion, the Public Company holds directly and indirectly all of the outstanding equity interests in Carlyle Holdings, whose subsidiaries operate and control all of the business and affairs of the Public Company and its affiliates.

A group of senior management professionals establishes the management structures and policies and procedures for the operation and development of the firm, guided by the strategic direction set by the Board of Directors of the Public Company. Harvey M. Schwartz, Chief Executive Officer; John Redett, Chief Financial Officer; Jeffrey W. Ferguson, General Counsel; and Christopher Finn, Chief Operating Officer comprise this group of Carlyle executives.

Additional information about the Public Company is available in its current public filings with the SEC. Unless specifically stated otherwise, references in this Brochure to the Investment Adviser do not include the Public Company or any of the Public Company's other affiliated entities.

Advisory Services, Investment Strategies, and Types of Investments

This Brochure generally includes information about us and our relationships with our Advisory Clients. While much of this Brochure applies to all such Advisory Clients, certain information included herein applies to specific Advisory Clients only.

The Investment Adviser provides investment advisory services and sub-advisory services to the PDP Fund, which focuses on loan transactions for aviation assets. The PDP Fund seeks to achieve its investment objective primarily through the origination of loans, directly or indirectly, to airlines to allow such airlines to satisfy certain aircraft pre-delivery payment ("PDP") obligations due to aircraft manufacturers.

CAML, CAFM and CAFM II provide investment advisory services to Advisory Clients, specializing exclusively within the commercial aviation industry. Such funds seek to acquire, lease and trade commercial aircraft, engines, and components thereof. Certain clients of CAML and CAFM II expect to originate loans to airlines to satisfy certain aircraft PDP obligations due to aircraft manufacturers, which is similar to the strategy employed on behalf of the PDP Fund.

* * *

As set forth in this Brochure, the descriptions of any specific advisory services offered to our

Advisory Clients and any investment strategies pursued or investments made on behalf of the Investment Adviser's Advisory Clients should not be understood to limit our investment activities in any way. The Investment Adviser reserves the right to offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Advisory Client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Advisory Client will be achieved.

Our investment decisions and advice with respect to each Advisory Client are subject to each Advisory Client's investment objectives and guidelines, as set forth in its respective offering documents or in the case of a separate account, the investment management agreement.

The Investment Adviser, in its role as investment manager or sub-adviser to Advisory Clients, from time to time agrees to supplements, clarifications, or variations of the terms of an Advisory Client's offering, subscription, or organizational documents in "side letters" or similar agreements which generally have the effect of varying rights or privileges among investors in some pooled investment vehicles.

As of December 31, 2023, the Investment Adviser managed approximately \$9.8 billion of regulatory assets under management on a discretionary basis. As of December 31, 2023, the Investment Adviser also managed approximately \$20.2 million of regulatory assets under management on a non-discretionary basis.²

² CAPDP serves as a non-discretionary adviser to the PDP Fund. Regulatory assets under management of \$1.5 billion attributed to the PDP Fund are included in the discretionary regulatory assets under management figure provided above given CAML's role as a discretionary adviser to the PDP Fund.

Item 05. Fees and Compensation

The following provides a general description of the most common management fees, performance-based fees or allocations, fund expenses, and fee waivers applicable to the Advisory Clients. With respect to any such Advisory Client, while the description below is generally applicable, fees and expenses vary, and the Advisory Client or its investors should review the applicable governing documents for further information.

Management Fees

Pursuant to its offering documents, the PDP Fund is charged an annual management fee that is calculated as a percentage of PDP loan balances (“**Management Fee**”) and is payable to CAML as the investment manager of the PDP Fund.

The General Partner of the PDP Fund, Carlyle Aviation Runway PDP GP LLC (“**PDP GP**”), is entitled to receive 50% of the loan origination fees that are received from borrowers of PDP loans (“**Loan Origination Fees**”).

The Investment Adviser is permitted to receive an agreed-upon fee for acting as a sub-adviser to CAML solely in connection with CAML’s management of the PDF Fund (the “**Sub-Advisory Fee**”); CAML is permitted to modify the amount, timing, and payment of the Sub-Advisory Fee. CAPDP does not charge fees directly to the PDP Fund and does not receive fees, directly or indirectly, from other products managed by CAML or affiliates of Carlyle Aviation.

In addition, certain Advisory Clients are charged a management fee, monthly in arrears, calculated based on a percentage of (x) the sum of the gross purchase price of certain aviation assets and (y) the sum of the aggregate amount of certain rents paid (or deemed paid) by each lessee or its guarantor, in each case subject to certain adjustments.

Moreover, certain other Advisory Clients are charged an annual management fee, payable quarterly in advance, based on aggregate commitments, generally subject to an annual step-down after the investment period, which is also subject to further adjustments and limits as set forth in the governing documents for such Advisory Clients.

As permitted under the applicable partnership agreement, Carlyle Aviation is permitted to waive and/or agree to reduce the relevant management fee. Waived management fees are generally not subject to any management fee offsets described below.

Performance-Based Fees

Except for the PDP Fund, discretionary Advisory Clients will generally be assessed a carried interest or performance fee that is allocable to the General Partners or the Investment Adviser, as applicable. Carried interest is periodically allocated according to an Advisory Client’s governing documents, typically after the applicable Advisory Client receives proceeds from the realization of a portfolio investment and is paid out of cash proceeds otherwise distributable to investors. Carried interest is typically measured as a percentage of the profits of the Advisory Client and is negotiated separately for each Advisory Client. Because carried interest distributions may be made prior to the end of an Advisory Client’s term, such distributions are subject to certain giveback

obligations, as set forth in the applicable governing documents.

Additional Fees and Expenses

In general, an Advisory Client bears all fees, costs, expenses, liabilities and obligations relating to such Advisory Client's and any of its direct or indirect subsidiaries' or acquisition vehicles' activities, investments and business, which may include, but are not limited to (i) all third-party fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, refinancing, managing, monitoring, maintaining, valuing (including third-party valuations), operating, holding, winding up, liquidating, dissolving and disposing of certain investments (including follow-on investments and refinancings), lease management software expenses, commitment, title and brokerage, finders', third-party lease administration, consignment (third-party and otherwise), consulting (including technical contractors and consultants), third-party diligence software and service providers fees; (ii) reasonable third-party legal, accounting, administration, reporting, auditing, insurance (including directors and officers and errors and omissions liability and other insurance), travel, accommodation, litigation and indemnification costs and expenses, judgments and settlements, investment banking, appraisal, valuation, filing, transfer, custodian, third-party fund administrators or similar service providers that perform anti-money laundering or "know-your-customer" diligence in connection with the onboarding and ongoing participation of investors in an Advisory Client and other fees and expenses (including expenses associated with the preparation or distribution of an Advisory Client's financial statements, tax returns, tax estimates and Schedule K-1s (or equivalents) or any other administrative, regulatory or other reporting or filing related to an Advisory Client and its investments); provided that such expenses shall not include any expenses incurred in connection with registration of the Investment Adviser or its affiliates or any other investment advisor under the Advisers Act, or in compliance with the Advisers Act; (iii) third-party fees and expenses associated with asset-backed securitizations (or similar structures), loan facilities and public offerings; (iv) third-party expenses associated with broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) expenses associated with brokerage, sale, custodial, depository, trustee, record keeping, registered office, registered agent, account and similar services; (vi) all fees, costs, expenses, liabilities and obligations incurred by an Advisory Client, the Investment Adviser, or any of its affiliates relating to investment and disposition opportunities for an Advisory Client not consummated (including reasonable legal, accounting, auditing, insurance, travel, accommodation, consulting, brokerage, finders', financing, appraisal, third-party valuation, filing, printing, title, transfer, registration, reverse breakup, termination and other fees and expenses); (vii) all out-of-pocket fees, costs and expenses incurred by an Advisory Client and the Investment Adviser or its affiliates in connection with any conference or meeting of an Advisory Client's limited partners (including any expenses attributable to representatives of a General Partner and other persons in attending such meetings); (viii) Management Fees; (ix) any taxes, fees and other governmental charges levied against an Advisory Client (except to the extent that such Advisory Client is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed according to the limited partnership agreement ("LPA") of the applicable Advisory Client); (x) third-party expenses associated with developing, structuring, operating and winding up administrative structures in the Cayman Islands, Luxembourg, other European countries and elsewhere, as applicable, that are put in place to operate an Advisory Client's investment activities (including any travel, accommodation and other expenses related to

such structures); (xi) costs and expenses that are classified as extraordinary expenses under GAAP; (xii) all third-party fees, costs, expenses, liabilities and obligations incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any Advisory Clients and intermediate entities; (xiii) third-party expenses associated with amendments to, and waivers, consents or approvals pursuant to, the constituent documents of an Advisory Client and related entities and any alternative investment vehicles, including the preparation, distribution and implementation thereof; (xiv) expenses associated with complying with any applicable law or regulation related to the activities of an Advisory Client (including regulatory expenses of a general partner of an Advisory Client incurred in connection with the operation of an Advisory Client and legal fees and expenses); (xv) reasonable expenses associated with developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of an Advisory Client or its limited partners, as well as any deal-related software; (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; (xvii) any costs or expenses related to the revolving notes (as discussed in the LPA), including obtaining and/or maintaining an investment rating and/or a CUSIP number for the revolving notes and/or an Advisory Client; (xviii) all expenses (including travel, accommodation, printing, legal, accounting, regulatory, compliance, and any administrative or other filings) incurred in connection with the organization, funding and start-up of an Advisory Client; and (xix) all out-of-pocket legal fees of the limited partners incurred in connection with consummating their respective investments in an Advisory Client, but not including (a) certain ordinary overhead and administrative expenses that are payable by an Advisory Client, General Partners and/or the Investment Adviser pursuant to the respective LPA, (b) any such amounts under clause (vi) above in excess of certain amounts for any calendar year, as established in the LPAs of certain Advisory Clients, which shall be borne directly by the applicable general partner or applicable adviser or (c) any such amounts under clause (xviii) above in excess of certain amounts, as established in the LPAs of certain Advisory Clients, which shall be borne directly by the Investment Adviser or applicable General Partner.

The expenses described above are detailed, but do not include every possible expense an Advisory Client is likely to incur. Prospective and existing investors are advised to review the applicable governing documents for a more extensive description of the fees and expenses associated with an investment in any Advisory Client.

In addition, certain Advisory Clients bear the expenses of all third-party administrator service providers even if there is some overlap in services performed by such third-party administrator and Carlyle personnel.

Carlyle Aviation may also be confronted with tasks that can be accomplished either by its employees (including secondees) or by third-party service providers or vendors. Carlyle Aviation's allocation of such tasks may be influenced by whether Carlyle Aviation or an Advisory Client would bear the fees and expenses of a third-party service provider or vendor. Due to, among other things, limited internal resources, Carlyle Aviation may be incentivized to allocate such tasks related to Advisory Clients to third-party service providers or vendors (including in cases where its employees may be able to accomplish such a task faster or with higher quality than a third-party service provider or vendor), such that the Advisory Clients would bear the fees and costs thereof. On the other hand, Carlyle Aviation may be incentivized to allocate its employees to matters

related to the Investment Adviser to avoid the Investment Adviser bearing the fees and costs of third-party service providers or vendors.

In addition, where Investment Adviser is expected to make determinations of market rates (*i.e.*, rates that fall within a range that Investment Adviser has determined is reflective of rates in the applicable market and certain similar markets, though not necessarily equal to or lower than the median rate of comparable firms), it will do so based on its consideration of a number of factors, which are generally expected to include Investment Adviser's experience with unaffiliated service providers as well as benchmarking data and other methodologies determined by Investment Adviser to be appropriate under the circumstances. Any benchmarking is not expected to be memorialized in formal reports but rather conducted on an informal basis, and while Investment Adviser may obtain benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by Investment Adviser affiliates in the applicable market or certain similar markets, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services, the confidential or bespoke nature of such services (e.g., different assets may receive different services) or because the services being benchmarked are part of a broader suite of services. In addition, benchmarking data is based on general market and broad industry overviews rather than determined on an asset-by-asset basis, and benchmarking may also be conducted only on a periodic basis (e.g., every few years) rather than on an ongoing or regular basis. As a result, benchmarking data does not consider specific characteristics of individual assets then owned or to be acquired by an Advisory Client, or the particular characteristics of services provided. For these reasons, such market comparisons may not result in precise market terms for comparable services. In certain circumstances the Investment Adviser can be expected to determine that third-party benchmarking is unnecessary, either because the price for a particular good or service is mandated by law or because in the Investment Adviser's view no comparable service provider offering such good or service exists or because the Investment Adviser has access to adequate market data to make the determination without reference to third-party benchmarking. Depending on the nature of the relevant services provided, expenses and costs to obtain benchmarking data will be borne directly by the relevant Advisory Clients receiving such services.

The Investment Adviser and/or its affiliates often enter into servicing agreements with financing vehicles, debt facilities or other financing entities and certain Advisory Client investments whereby the Investment Adviser and/or its affiliates provide aviation asset servicing to the other party. Under a typical servicing agreement, the relevant entity receiving services pays the Investment Adviser and/or its affiliates a fee in exchange for aviation asset servicing. In particular, the Investment Adviser provides, and expects in the future to provide, certain asset management-related services for third parties, such as acting as servicer of aviation-related assets (*e.g.*, ABS-like vehicles) and arranging and managing aviation-related transactions. The ability of the Investment Adviser and/or its affiliates to retain all or a portion of these fees presents a conflict of interest. For example, due to the ability to earn servicing fees, the Investment Adviser has an incentive to make decisions that result in additional servicing fees paid to it or its affiliates.

Item 06. Performance-Based Fees and Side-By-Side Management

The Investment Adviser is entitled to receive certain performance-based allocations and/or distributions from the Advisory Clients and to waive and/or reduce the performance allocation with respect to certain persons as described above.

Generally, upon the termination of any of the Advisory Clients, the applicable General Partner will be required to restore distributions to the applicable Advisory Client to the extent that the general partner received cumulative distributions in excess of certain amounts otherwise distributable to it pursuant to the distribution formula set forth in the applicable governing documents, applied on an aggregate basis covering all transactions of the relevant Advisory Client.

The existence of the carried interest or performance fees creates an incentive for the General Partners and the Investment Adviser to make riskier or more speculative investments on behalf of their Advisory Clients than would be the case in the absence of such arrangements.

The Investment Adviser has formed, and expects to form in the future, co-investment vehicles, including vehicles that pay lower and/or no management fees and/or carried interest. There will generally not be any offset applied to the co-investment vehicles, whether they pay any management fees. While the Investment Adviser advises both Advisory Clients that pay performance-based fees and Advisory Clients that do not, the Investment Adviser believes that any potential conflict is generally mitigated by the fact that the Advisory Clients or co-investment funds (i) generally participate in investment opportunities to the extent there is excess capacity after the applicable Advisory Clients make their investment allocations and (ii) are generally required to acquire and dispose of their investments on substantially the same terms and at substantially the same time as the Advisory Clients. Furthermore, the Investment Adviser does not permit investment allocation decisions to be based on the potential to earn performance-based fees. In certain instances, the Investment Adviser has waived and reduced, and may in the future waive or reduce carried interest with respect to certain persons in the Advisory Clients.

Item 07. Types of Clients

The Investment Adviser provides investment advisory and sub-advisory services to the Advisory Clients.

Investment advice is provided directly or indirectly to the Advisory Clients and not individually to the limited partners of Advisory Clients. The Advisory Clients include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”). The governing documents for the applicable Advisory Client outline the minimum size of investments, which can be reduced or waived on a discretionary basis in the sole discretion of the applicable investment adviser.

The Advisory Clients’ interests are generally offered and sold only to investors that are (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “**Securities Act**”), and (ii) “qualified purchasers” as defined in Section 2(a)(51)(A) of the 1940 Act, or other “knowledgeable employees.”

Item 08. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services offered to Advisory Clients and any investment strategies pursued or investments made by the Investment Adviser on behalf of Advisory Clients should not be understood to limit in any way its investment activities. The Investment Adviser reserves the right to offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that it considers appropriate, subject to each Advisory Client's investment objectives and guidelines. The investment strategies that the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. No guarantee or representation is made that any Advisory Client's investment program, including, without limitation, an Advisory Client's investment objective, targeted returns, diversification strategies, or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

The Investment Adviser specializes in the commercial aviation industry and uses a range of methods to identify, analyze, and assess potential and existing aviation-related investment opportunities, descriptions of which are included in the applicable offering documents and other governing documents. The primary investment strategy for investments managed by the Investment Adviser on behalf of its Advisory Clients focuses on identifying and evaluating aviation-related investment opportunities; negotiating, managing, and monitoring aviation-related investments; and achieving dispositions for such investments.

As a general matter, analytical methods used by the investment teams can include gain/loss forecast models, cash-flow models, other financial modelling, and simulation, risk sensitivity analyses, and fundamental analysis.

In the view of the Investment Adviser, primary risks to be considered in the management of an Advisory Client's investment portfolio include: (i) market risk, such as political and regulatory risk and credit market availability risk; (ii) individual position or security risk, such as credit risk of borrowers or lessees, liquidity risk, counterparty risk, correlation and sensitivity risk; (iii) portfolio risk, such as correlation and sensitivity risk, company and asset concentration risk and liquidity risk; (iv) industry specific risk, such as macro and micro level risks; and (v) global economic risk, such as macro and micro level risks. The risks identified herein are examples of some, but not all, possible risks.

The Investment Adviser seeks to manage portfolio risks through the routine assessment of risks associated with each investment and in the context of Advisory Client investment portfolios as a whole. Generally, the Investment Adviser monitors investments by gathering real-time data related to lease/loan payments, market movements, lessee/borrower financial health, and other market intelligence.

Investment Risks

An investment in an Advisory Client involves a high degree of risk and is suitable only for those

investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such Advisory Client and for which such Advisory Client does not represent a complete investment program. There can be no assurance that the investment objective or targeted returns of any Advisory Client will be achieved, that any Advisory Client will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to any Advisory Client. The discussion below enumerates certain, but not all, risk factors that apply generally to an investment in any Advisory Client. In addition, there will be occasions when the general partner of an Advisory Client, the Investment Adviser and/or their respective affiliates encounter conflicts of interest in connection with such Advisory Client.

Prior to making an investment in an Advisory Client, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Advisory Client.

No Assurance of Investment Return

An investment in an Advisory Client requires a long-term commitment, with no certainty of return. The Investment Adviser cannot provide any assurance whatsoever that it will be able to choose, make and realize investments for any Advisory Client. There can be no assurance that any Advisory Client will (i) be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Advisory Client participates or (ii) make any distribution to its investors. Accordingly, an investment in an Advisory Client should only be considered by persons for whom a speculative, illiquid, and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past activities of investment entities associated with the Investment Adviser or its Advisory Clients provide no assurance of future success. **Past performance is not necessarily indicative of future results and all investors should be prepared to lose the value of their investment. There can be no assurance that projected or targeted returns for any Advisory Client will be achieved.**

Aviation Industry Risks

The aviation industry, including the aircraft leasing market, is affected by general business, geopolitical and economic conditions, including increased fuel prices, geopolitical conflicts and/or terrorist attacks, economic sanctions, economic conditions affecting international trade and lessee operations, shipping channel constraints and disruptions, increases in inflation and interest rates, access to the capital markets, changes in the regulatory environment and epidemic diseases. The occurrence of any such event may have an adverse effect on the performance of the strategies pursued by the Investment Adviser.

Russia-Ukraine War

See also “Uncertain Geopolitical Events” disclosure.

Global geopolitical conflicts, including the war between Russia and Ukraine and the conflicts in the Middle East, could lead to significant economic downturns and market and other disruptions, including, but not limited to: volatility in the capital markets, economic instability, increases in

inflation, increased fuel prices, shipping channel constraints and disruptions, supply chain issues, political and social instability, economic sanctions and changes in consumer or purchaser preferences, all of which may adversely impact client investments and the aviation industry as a whole, especially if the conflicts occur in areas in which client investments are significantly concentrated. Any new or existing geopolitical conflicts could also exacerbate elevated prices of energy commodities, leading to increased fuel costs, rising inflation and dampened consumer demand for travel. New or existing sanctions and retaliatory actions taken as a result of geopolitical conflicts also have the potential to cause the trend toward globalization to reverse, which could have an adverse effect on the aviation industry and the investments held in client portfolios.

In addition, existing sanctions and new sanctions that may be imposed on states and actors causing or involved in the hostilities may impact where airlines can place and deliver aircraft or the ability of lessees to operate aircraft in certain jurisdictions. For example, in early 2022, in connection with the Russia and Ukraine conflict, the United States, United Kingdom (UK), European Union (EU), and other jurisdictions imposed economic sanctions and export controls against certain industry sectors and parties in Russia. These sanctions include closure of airspace for aircraft operated by Russian airlines, bans on the leasing or sale of aircraft and engines to Russian-controlled entities and prohibitions on the export and re-export of aircraft and aircraft components to Russian-controlled entities or for use in Russia. The Russian government responded in retaliation of such sanctions by passing legislation that, among other things, prevents leased aircraft from being returned to their owners without government approval. Leased aircraft, which in certain cases constitute part of an Advisory Client's investment portfolios, are unlikely to be returned. Certain Carlyle Aviation affiliates have entered into litigation involving insurance claims related to the leased aircraft that remain in Russia; certain Advisory Clients that had aircraft on lease to Russian airlines are likely to suffer permanent losses if Carlyle Aviation is unable to recover the aircraft and/or mitigate such losses through insurance proceeds. Consequently, the commercial aviation insurance providers have adopted certain policy changes (e.g., higher premiums, withdrawal of previously offered coverage) that could have an adverse effect on aircraft operators and leasing companies, which, in turn, may have an adverse effect on an Advisory Client's investments.

Geopolitical conditions have negatively affected the airline industry in the past, and concerns about geopolitical conditions, war or armed hostilities or conflicts and terrorist attacks could continue to negatively affect the aviation industry, including the Investment Adviser's clients, for the foreseeable future depending upon various factors including: (1) higher costs to airlines due to the increased security measures required to address terrorist attacks and geopolitical conditions; (2) losses in revenue and increased costs due to the imposition of sanctions and airspace closures as a result of war, armed hostilities or conflicts or terrorist attacks; (3) decrease in the value of aircraft due to the withdrawal from operation of a number of aircraft in a country or region that is the subject of or affected by sanctions or airspace closures; (4) losses in passenger revenue due to a decrease in travel; (5) the price and availability of jet fuel and the ability to obtain fuel hedges under current market conditions; (6) higher financing costs and difficulty in raising financing; (7) higher costs of insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance will continue to be available or may exclude events such as dirty bombs, bio-hazardous materials and electromagnetic pulsing, which may damage or destroy aircraft and aircraft engines; and (8) special charges recognized by some airlines, such as those related to the impairment of aircraft and other long-lived assets stemming from the grounding of aircraft as a result of geopolitical conflict, economic

slowdown and/or airline reorganizations.

It is difficult to predict what the ultimate economic impact of the various conflicts will be on the global economy, the aviation industry or clients' business. In addition, there is no telling what further actions may ultimately be taken with respect to sanctions or trade relations between the U.S. and other countries. Accordingly, it is difficult to predict exactly how, and to what extent, these conflicts may impact clients' business, or the business of aircraft manufacturers. Any economic downturns or unfavorable government policies on international trade may affect the demand for aircraft from clients' orderbooks, increase the cost of aircraft components, delay production, impact the competitive position of certain aircraft manufacturers or prevent aircraft manufacturers from accessing customer bases in certain jurisdictions. In turn, this may impact where clients can place and deliver aircraft, which may negatively impact client investments.

International Trade Policies

Changes in trade policies among the United States and other countries, in particular, the imposition of new or higher tariffs, could have a material adverse effect on an Advisory Client's performance. Original equipment manufacturers ("OEMs") (including Boeing and Airbus), for example, may seek to offset the impact of increased tariffs by increasing the price of aircraft, engines and/or components.

The aviation industry may be affected by any deterioration in global trade relations, including shifts in the trade policies of individual nations. For example, should protectionist governmental policies, such as increased tariff or other trade barriers, travel limitations and other regulatory actions, have the effect of reducing global commercial activity, the result could be a material decrease in the demand for international air travel. Additionally, certain of the products and services that airlines purchase, including certain aircraft and related parts, are sourced from suppliers located outside the U.S., and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government in respect of the importation of such products could materially increase their cost. Any global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of an Advisory Client and its investments.

The imposition of tariffs on OEM products could adversely affect an Advisory Client's profitability. Many aircraft and engine OEMs operate in foreign countries. Accordingly, OEMs may be subject to many of the risks of international operations, including governmental controls and tariff restrictions. Tariffs could make the OEM's products less attractive. OEMs may begin implementing short-term price adjustments to offset such tariffs and transition their production and supply chains to new locations, which could indirectly disrupt an Advisory Client's investments. Increases in tariffs or the failure to resolve current international trade disputes could have a material adverse effect on an Advisory Client.

Inflationary Pressure

After a sustained period of relatively low inflation rates, current rates of inflation are above or near recent historical highs in the United States, the European Union, the United Kingdom, and other

countries. High inflation has resulted in market volatility and uncertainty for global commerce. Inflation may increase the costs of goods, services and labor used in airline operations, thereby increasing expenses. To the extent that clients derive their income from leases with fixed rates of payment, high rates of inflation will cause a greater decrease in the value of those payments than had the rates of inflation remained lower. If leases are for multi-year periods, there may be a lag in clients' ability to adjust the lease rates for a particular aircraft accordingly. High rates of inflation may also lead policymakers to attempt to decrease demand or to adopt higher interest rates to combat inflationary pressures, leading to an increase in capital costs for airlines and our clients. Airlines and suppliers may also be subject to material adverse effects as a result of high rates of inflation, including as a result of the impact on their financial conditions, changes in demand patterns, price volatility, and supply chain disruption.

Epidemic Diseases

Air travel has historically been disrupted, at times severely, by outbreaks of epidemic diseases, and these disruptions have adversely affected, and may in the future adversely affect, the operations of the Investment Adviser and the performance of its clients. For example, the COVID-19 pandemic and related travel restrictions significantly impacted air travel and the operations of airlines through weaker demand, bankruptcies and reorganizations and delays in delivery of aircraft. While demand for aircraft capacity has increased significantly from the lows of the COVID-19 pandemic, demand has not yet reached pre-pandemic levels in all markets, especially in long-haul travel. Future epidemic diseases and other diseases, or the fear of such events could provoke responses that negatively affect passenger air travel.

The COVID-19 outbreak, additional outbreaks of Severe Acute Respiratory Syndrome, Ebola, H1N1, Zika or other or similar epidemic diseases, such as avian influenza and swine flu, or the fear of such events, may prompt additional restrictions and precautionary measures to be put in place, which have historically negatively affected passenger demand for air travel. Travel restrictions and stay-at-home and quarantine orders may be necessary to combat future epidemic diseases and may lead to lasting significant changes in the behavior of airline customers, similarly to what occurred in response to the COVID-19 outbreak. Passengers may also voluntarily choose to reduce travel. Disease outbreaks can also contribute to regional or global economic downturns and potential political and security problems, which could have wide ranging effects and could materially and negatively harm clients' business and operations. All the foregoing could have a negative impact on the performance of airlines, which may, in turn, negatively impact the operations of the Investment Adviser and the performance of its clients.

Limited Number of Investments

An Advisory Client will generally only participate in a limited number of investments and because an Advisory Client's investments generally will involve a high degree of risk, poor performance by only a few investments could severely affect the total returns of such Advisory Client (which may be exacerbated by the use of leverage). In addition, other than as set forth in the applicable Advisory Client's governing documents (or investment management agreement in the case of a separately managed account or as required by applicable law), investors have no assurance as to the degree of diversification of an Advisory Client's investments, either by geographic region or transaction type. To the extent that an Advisory Client concentrates investments in a particular

airline, type of operator, country or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. Moreover, there are no assurances that an Advisory Client's investments will perform well or even return capital. Therefore, if certain investments perform unfavorably, for an Advisory Client to achieve above-average returns, one or a few of its investments must perform exceptionally well. There are no assurances that this will be the case.

Limited Investment Opportunities

As a result of fluctuations in the demand for and supply of aircraft available for purchase and lease, there is no guarantee that the Investment Adviser will be able to identify a sufficient number of attractive investment opportunities for an Advisory Client. This risk is exacerbated by the volatility of aircraft value and prices, which are currently higher than in the recent past, and the significant backlog at OEMs. Aircraft production volumes at Boeing and Airbus are below the targets set by the manufacturers, and the lack of aircraft deliveries is expected to constrain the capacity of the global aviation industry. Accordingly, it is possible that an Advisory Client will never be fully invested.

Highly Competitive Market for Investment Opportunities

The activity of identifying, managing, monitoring, structuring, completing, and realizing attractive investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that an Advisory Client will be able to (i) identify, complete, and realize investments which satisfy its investment objective or (ii) fully invest its available capital if enough sufficiently attractive investments are not identified.

Potential competitors include, without limitation, aircraft leasing companies, other investment partnerships and corporations, financial institutions such as banks, industry groups, and other financial investors investing directly or through affiliates, and an Advisory Client may be unable to identify a sufficient number of attractive investment opportunities for such Advisory Client to meet its investment objectives. Competitors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with a counterparty, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of an Advisory Client.

Some of these competitors may have more relevant experience, greater financial and other resources, and more personnel than Carlyle Aviation or the Investment Adviser. There can be no assurance that an Advisory Client will be able to (i) locate, complete, and exit investments which satisfy such Advisory Client's target equity range, rate of return objectives, or realize upon their values, or (ii) invest fully its available capital. It is possible that competition for appropriate investment opportunities may increase. To the extent that the Advisory Clients encounter competition for investments, returns to investors may decrease.

Market Conditions and Opportunities

An Advisory Client's strategy may in some investments be based, in part, upon the premise that assets will be available for purchase by the Advisory Client at prices that the general partner of the Advisory Client considers favorable. Furthermore, the Advisory Client's strategy relies, in part,

upon the availability of investment opportunities, continuation of existing market conditions or, in some circumstances, upon more favorable market conditions or anticipated investment opportunities existing prior to the termination of the term of such Advisory Client.

These conditions and opportunities may include, among others, continued growth in demand for commercial air traffic and, by extension, commercial aircraft, gross domestic product or foreign investment in or privatizations by a particular country, the continuation of certain existing laws, regulations or government policies or the continuation of certain unemployment, inflation, demographic and other trends. No assurance can be given that such conditions or opportunities will arise or continue, as applicable, or that assets can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of the general partner of the Advisory Client. Growth rates and other trends do not imply, forecast, or predict future results.

Alternatively, other factors, many of which are beyond the control of the Investment Adviser, may have an impact on the ability to complete aviation asset investments. Such factors include the demand for various types of aircraft, engines and other major components, general market and economic conditions, regulatory initiatives (particularly those imposing environmental, maintenance and other requirements on the operation of aircraft), significant shifts in the supply of or demand for aviation assets, and technological advances in airframe and/or engine technology. In addition, generally, there is no readily available market for commercial aircraft or PDP loans, and hence, most of the investments held by Advisory Clients will be difficult to value.

Airline Credit and Bankruptcy Risk

Carlyle Aviation endeavors to evaluate the credit risk associated with its counterparties. In addition to Carlyle Aviation's independent assessment of the counterparty's credit standing from various sources (*e.g.*, public information, data provided by the operator, financial institutions, industry periodicals, trade references, and/or regulatory authorities), Carlyle Aviation utilizes, when deemed appropriate and practical, credit and rating agency reports and/or research reports published by investment banks to obtain a better understanding of the counterparty's financial condition and viability. Based on such review, Carlyle Aviation assesses the credit rating of the operator and determines whether the operator meets a Fund's criteria by weighing that credit evaluation against (i) asset risk, (ii) interest rate, (iii) security held and (iv) transaction structure.

Advisory Clients will target aviation counterparties that range significantly in terms of creditworthiness and financial condition. Certain airline lessees and borrowers present a high degree of business and credit risk. Airline businesses could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or the continuation or worsening of the current (or any future) economic and financial market downturns and dislocations. As a result, airline counterparties that the Investment Adviser expected to be stable or improve may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress.

Nonetheless, many exogenous factors can also adversely impact the viability of any airline; such

factors include fuel prices, labor disruptions, aircraft safety incidents, production delays, aircraft supply shortages, geopolitical conflicts, and new or intensified industry competition. Should an airline file for a re-organization under bankruptcy statutes, Advisory Clients may be at least temporarily prohibited from foreclosing on or repossessing its aircraft. Advisory Clients may be adversely impacted if aircraft lessees introduce reorganization plans that limit an aircraft lessors' ability to enforce lease agreements and receive payment pursuant to lease terms.

PDP loans to airlines for the purchase of aircraft from Boeing and Airbus. The bankruptcy or insolvency of Boeing and/or Airbus would have a material adverse effect on the Advisory Clients that originate PDP loans. If Boeing and/or Airbus fail to meet their respective contractual obligations, file for bankruptcy, or otherwise experience significant business interruption, the Investment Adviser may not be able to conduct its investment strategy. Furthermore, this may expose Advisory Clients to the risk that there may be a delay in the manufacturing and/or delivery of aircraft. Mechanical, production, safety or regulatory issues associated with Boeing and/or Airbus aircraft may adversely and materially impact the ability of the Investment Adviser to implement its investment strategy and negatively impact the returns of Advisory Clients.

Airline Payment Default

Re-possession of aircraft after a default will cause Advisory Clients to incur costs in excess of those that would have been incurred had the airline fulfilled its payment obligations. Those additional costs include legal and other expenses of court or governmental proceedings to obtain possession and/or re-registration of the aircraft and flight and export permissions. Delays resulting from any of these proceedings would also increase the period during which the relevant aircraft is not generating revenue. In addition, Advisory Clients may need to pay off liens, taxes, and governmental charges to obtain unencumbered possession and sell the aircraft effectively. Advisory Clients may also incur costs in connection with the physical possession of the aircraft. Any of these costs or delays may adversely and materially impact the returns of Advisory Clients. The rights of Advisory Clients upon an airline default may be subject to limitations of applicable law, including the need to obtain a court order for possession of aircraft and/or consents for deregistration or re-export of aircraft. When a defaulting airline is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions will give rights to the trustee in bankruptcy or a similar officer to assume or reject the loan agreement or to assign it to a third party or will entitle the airline or another third party to retain possession of the aircraft (without having to perform all or some of the obligations under the relevant loan agreement). Accordingly, Advisory Clients may be delayed in or prevented from, or may incur additional costs including legal costs, enforcing certain of the Advisory Client's rights under the relevant agreement. Such delays and costs may adversely and materially impact the returns of Advisory Clients.

Airline Cybersecurity

Airlines depend on technology and automated systems, including artificial intelligence in some cases, to operate their business, including, but not limited to, computerized airline reservation systems, electronic tickets, electronic airport kiosks, demand prediction software, flight operations systems, cloud-based technologies, and technical and business operations systems. These systems could suffer substantial or repeated disruptions due to various events, power failures, terrorist

attacks, dependencies on third-party technology services, equipment or software failures, cybersecurity attacks, insider threats or other security breaches, which could reduce the attractiveness of an airline's services versus those of its competitors, materially impair an airline's ability to market services and operate flights, result in the unauthorized release of confidential or sensitive information, or information that should be protected from inadvertent disclosures, negatively impact reputation among customers and the public, subject an airline to liability to third parties, regulatory action or contract termination and result in other increased costs, lost revenue and the loss of, or compromise to the integrity, availability or confidentiality of, important data.

Cybersecurity attacks are becoming increasingly sophisticated using artificial intelligence and machine learning tools and tactics and are often well-funded, including in some cases by state sponsors. All the foregoing impacts could have a negative impact on the performance of airlines, which may, in turn, negatively impact the operations of the Investment Adviser and the performance of its clients.

Aircraft Groundings

The results of aviation-focused investment strategies depend on the ability of aircraft manufacturers to remain financially stable and to fulfil their contractual obligations to airlines. For example, in early August 2023, Pratt & Whitney announced that microscopic contaminants were found in a metal used in an engine type used on the Airbus A320neo family jets, and inspection and repair required the temporary grounding of affected engines. Further, a number of Boeing aircraft types have been grounded several times due to development, manufacturing and/or quality control issues. Most recently, the U.S. Federal Aviation Administration ("FAA") grounded the 737 MAX-9 aircraft as a result of the Alaska Airlines incident in January 2024. Following the incident, the FAA conducted a six-week audit of Boeing and Spirit AeroSystems, which revealed multiple instances of non-compliance with manufacturing quality control requirements, although the agency's investigation remains ongoing. These events have demonstrated the risk that aviation-focused investment strategies may be unable to source investments and implement their investment strategy due to the grounding of aircraft. In addition, aircraft groundings may cause airlines to suffer losses that may impair airlines' ability to meet their contractual obligations.

The ongoing quality control issues at Boeing may lead to aircraft production delays, aircraft groundings, decreased demand for particular aircraft models and/or restrictions imposed by aviation authorities, which could have an adverse effect on the ability of the Investment Adviser to implement its investment strategies.

Aircraft Concentration Risk

An Advisory Client's investments will be concentrated in commercial aviation assets; as such, an Advisory Client's results could be negatively affected if the market demand to lease or ultimately purchase certain types of aircraft declines. Carlyle Aviation's inability to either lease or dispose of the affected aircraft types may materially reduce an Advisory Client's performance. In addition, an Advisory Client's results could be negatively affected by airworthiness directives or other applicable regulations that adversely impact aviation assets in a fleet. If an Advisory Client's investment portfolio includes aircraft types that become obsolete, subject to mandatory regulatory grounds, disfavored by airlines, or if Airbus or Boeing encounter technical difficulties in respect

of these aircraft types, or encounter financial or other difficulties, this could cause a diminution in value of such aircraft in an Advisory Client's investment portfolio, an inability for an Advisory Client to lease such aircraft at market lease rates, or a potential grounding of such aircraft, which would further diminish the value of such aircraft in an Advisory Client's investment portfolio.

Operational Risk

The maintenance and operation of aircraft, engines, and related technology assets are strictly regulated in the United States by the FAA and in foreign jurisdictions by similar civil aviation authorities. These rules and regulations govern matters such as certification, registration, inspection, operational and maintenance procedures, personnel certification, and record keeping. Periodically, the FAA issues airworthiness directives requiring changes to aircraft or engine maintenance programs and procedures. Such airworthiness directives are issued from time to time with respect to aircraft, aircraft engines and related technology assets to ensure that they remain airworthy and safe. Additionally, as a result of recent events relating to the Boeing 737 MAX, the FAA could extend oversight and any additional airworthiness directives that follow could have significant costs of compliance for aircraft manufacturers and may create higher costs of compliance for aircraft operators. The cost of compliance with the requirements of airworthiness directives, and any future increased oversight by the FAA may be significant and could negatively affect an Advisory Client's ability to make distributions to investors.

Regulatory Approvals

Certain transactions may require an Advisory Client to obtain licenses, consents, and/or approvals from governmental or other regulatory authorities, including with respect to the import, export, and deregistration of aircraft. Subsequent changes in applicable law or administrative practice may increase such requirements. In addition, a governmental consent, once given, might expire or be withdrawn/revoked without renewal; furthermore, an Advisory Client may have difficulty acquiring such licenses, consents, and/or approvals. Any of these events may adversely affect an Advisory Client's ability to transact in aviation assets and could negatively impact an Advisory Client's ability to make distributions to investors.

Non-U.S. Investments in Aviation Assets

With any investment outside the United States, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war. For an Advisory Client that invests in aircraft leased to an operator based in a non-U.S. country, investments involve certain risks not typically associated with leasing aircraft to an operator organized, headquartered and principally operating in the United States, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which such Advisory Client's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between the U.S. and non-U.S. securities and credit markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries; (v) certain economic, social and political risks, including potential

exchange-control regulations and restrictions on non-U.S. investments and repatriation of capital, the risks associated with political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation and adverse economic and political development; (vi) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities or instruments; (vii) differing, and potentially less well-developed or well-tested laws regarding creditor's rights (including the rights of secured parties), corporate governance, fiduciary duties and the protection of investors and intellectual property rights; (viii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (ix) political hostility to investments by foreign or private equity investors; and (x) less publicly available information.

Accounting, auditing, financial and other reporting standards, practices, and disclosure requirements in certain of the countries in which an Advisory Client may invest are not equivalent to those in the United States and certain Western European countries and may differ in fundamental ways. Accordingly, information available to an Advisory Client, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable and less detailed than information available in more economically sophisticated countries and less information may be available to investors. As a result, an Advisory Client's due diligence activities may provide less information than due diligence reviews conducted in more developed countries. The lower standards of due diligence in certain countries will increase the risk related to the investments in these countries. While an Advisory Client will endeavor to conduct appropriate due diligence in connection with each of its investments, no guarantee can be given that they will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with an investment.

In addition, an Advisory Client's investments in aircraft leased to airlines in emerging markets may be subject to a greater risk of loss than aircraft leased to airlines in more developed and traditional markets (such as the United States and Europe). Emerging markets are more likely to experience inflation, currency and liquidity risks, geopolitical turmoil, policy changes and rapid changes in economic conditions than more developed and traditional markets. Emerging markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.

Aircraft Data

Aircraft often share large quantities of data with OEMs. OEMs store, access, manage, share, and analyze the data to, among other things, improve operations and enhance decision-making, which, in turn, may provide valuable information regarding maintenance schedules, aircraft down time and trends. However, it is not anticipated that the Investment Adviser will obtain, or seek to obtain, such information (even though it may have access to it) and, accordingly, the Advisory Client will not be able to benefit from such information when purchasing, leasing, or disposing of aviation assets.

Technological Risks

The availability for sale or lease of new, technologically advanced aircraft, engine and related technology asset types and the imposition of stringent noise or emissions regulations or mandatory

airworthiness directives may make certain aircraft, engine, or related technology asset types less desirable in the marketplace and therefore may adversely affect an Advisory Client's ability to lease or sell such aircraft, engines, or related technology assets. It is expected that an Advisory Client's ability to manage these technological risks by modifying or selling aircraft, engines and related technology assets will be limited.

Accelerated Retirement of Older Aircraft Models

Many airlines responded to the decreased demand for air travel caused by the COVID-19 pandemic by reducing their fleet capacity. One of the primary strategies for reducing fleet capacity was accelerating the retirement of older, less-efficient aircraft that were scheduled to be retired gradually over the coming years. The accelerated retirement of older aircraft models is expected to reduce demand for these aircraft and the associated components as there are less operators, which will likely result in lower asset prices. Advisory Clients may hold aviation assets that could be adversely impacted to the extent that investments involve aircraft that are disfavored by airlines or that are permanently retired from airline fleets.

Discounting of Aircraft Prices

A significant discounting of prices on new aircraft by manufacturers or an increase in the rate of new aircraft production may indirectly affect demand for aircraft that an Advisory Client has previously purchased. The financial crisis had a significant impact on the value of new aircraft as some buyers lost some or all funding for orders they had placed. As a result, some orders for new aircraft were cancelled or deferred. To secure sales of new aircraft and maintain revenues, manufacturers sold many of these aircraft at significant discounts. If there is another downturn in the financial markets or economy and manufacturers again drive down the price of new aircraft, this may have an adverse effect on the value of any aircraft an Advisory Client owns and an Advisory Client's ability to lease them at attractive rates. Further, if manufacturers discount the prices of new aircraft, it may require an Advisory Client to mark down the value of aircraft or depreciate aircraft at a faster rate.

Decline in Aircraft Value or Lease Rates

In addition to factors linked to the aviation industry, other factors that may affect the value of aircraft, as the case may be, include, without limitation, and by way of example only: (i) manufacturers merging or exiting the industry or ceasing to produce certain aircraft models; (ii) the particular maintenance and operating history of aircraft, engines and related technology assets, as well as applicable regulatory restrictions related thereto; (iii) the number of operators using a type of aircraft and number of aircraft competing with such aircraft type; (iv) whether the aircraft is subject to a lease; (v) any regulatory and legal requirements that must be satisfied before the aircraft can be operated, sold or re-leased, including airworthiness directives; (vi) any renegotiation of a lease on less favorable terms; (vii) manufacturing production levels and technological innovation; (viii) import restrictions; (ix) retirement, obsolescence or grounding of aircraft models; (x) traffic growth; (xi) fuel prices; (xii) airline profitability; and (xiii) existing supply of parked aircraft. Any decrease in values of and lease rates for commercial aircraft which may result from the above factors or other unanticipated factors may have a material adverse effect on an Advisory Client's operations and cash flow and may adversely affect its investments and,

therefore, the value of an Advisory Client's investments.

Litigation

In the ordinary course of business, Carlyle Aviation and/or its affiliates may be party to litigation, investigations, inquiries, employment-related matters, disputes, and other potential claims. Advisory Clients will generally bear the cost associated with litigation that relates to Advisory Client assets, the cost of which may be significant. The Investment Adviser and its Advisory Clients may be exposed to headline risk and/or reputational risk as litigation matters may be reported by news media.

Climate Change Risk

An Advisory Client could lease aircraft to airlines that have headquarters or business operations in areas that are subject to climate change. Airlines headquartered and/or operating in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the business and operations of an Advisory Client's lessees. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of the potential impact of climate-related events, an Advisory Client's investments may be vulnerable to the following, which can adversely impact its value: (i) risks of aircraft damage; (ii) indirect financial and operational impacts from severe weather disruptions; (iii) increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; (iv) increased insurance claims and liabilities; (v) increase in energy costs impacting operational returns; (vi) decreased consumer demand for commercial aviation services resulting from physical changes associated with climate change (e.g., warmer temperatures or decreasing shorelines could reduce travel demand for destinations previously viewed as desirable); and (vii) other economic disruptions arising from the foregoing.

The Investment Adviser and Advisory Clients face several risks associated with climate change, including both transition and physical risks. The transition risks that could impact the Investment Adviser and Advisory Clients include those risks related to the impact of U.S. and foreign climate- and ESG-related legislation and regulation, as well as risks arising from climate-related business trends. Moreover, the Investment Adviser and its Advisory Clients' investments are subject to risks stemming from the physical impacts of climate change.

New climate change-related laws and regulations, or interpretations of existing laws, may result in enhanced disclosure obligations that could negatively affect the Investment Adviser and materially increase the Investment Adviser's regulatory burden. For example, California's recently-adopted climate disclosure laws will require entities meeting certain revenue threshold and operating requirements to disclose their Scope 1, 2 and 3 greenhouse gas emissions, along with climate-related risk reports, and a new rule adopted by the SEC would require registrants to disclose material climate-related risks, activities to mitigate that risk, oversight of climate-related risks, any material climate-related targets or goals, the financial statement impacts of severe weather events, and, for certain issuers, Scope 1 and 2 greenhouse gas emissions. Increased regulations generally

increase costs to the Investment Adviser and its Advisory Clients, and those higher costs may continue to increase if new laws require additional resources, including spending more time, hiring additional personnel, or investing in new technologies. Moreover, significant increases in regulatory compliance expenses may adversely affect an Advisory Client and its investments. Compliance with climate- and other ESG-related rules in the EU, such as the Corporate Sustainability Reporting Directive and Corporate Sustainability Due Diligence Directive, is expected to result in increased legal and compliance costs and expenses, which would be borne by Investment Adviser and an Advisory Client. In addition, airline lessees could face transition risk if carbon-related regulations or taxes are implemented. Even if not directly applicable, these and similar laws may have indirect effects on the Investment Adviser and its Advisory Clients, including with respect to exit considerations and market expectations for collecting and reporting sustainability-related information. There remains uncertainty as to how these laws will be applied and whether these laws will withstand pending and future legal challenges.

PDP Financing Risks

As described above, certain Advisory Clients of CAML and/or CAFM II seek to originate loans to airlines to satisfy certain aircraft pre-delivery payment obligations due to aircraft manufacturers. In addition to the applicable risks described above, the risks to be considered in connection with PDP loan origination includes, but are not limited to, the following:

Advisory Clients that engage in PDP lending may be required to make additional payments to an OEM if the OEM exercises remedies and forecloses on an aviation asset and such payments will not be known at the time the PDP loan is initially made. The borrowers under these loans are generally bankruptcy-remote special purpose entities formed by, or on behalf of, the airline for the purpose of borrowing money to make PDP payments (the “**Borrower**”). The Borrowers’ obligations under these PDP loans will generally be guaranteed by the airline obligated under the purchase agreement with the OEM (the “**Airline Guarantor**”). The Airline Guarantor or an affiliate will typically assign its rights and obligations under the purchase agreement with the OEM to the related Borrower and the Borrower in turn will assign its rights as collateral to a subsidiary of the PDP Fund (the “**PDP Fund Lender**”) to secure its obligations under the PDP loans. If a Borrower or Airline Guarantor defaults under the PDP loans and the PDP lender determines to exercise available remedies, the PDP lender will assume the rights and obligations of the Borrower under the purchase agreement with respect to the aircraft. Among the potential additional payments that may be required to be made to the OEM are the “step-in” purchase price which is generally determined by subtracting from the base price for the aircraft the number of concessions agreed between the OEM and the PDP lender and PDPs already received by the OEM. Investors will remain obligated to make capital contributions to the extent necessary to make purchase price payments for aircraft which the PDP lender acquires in light of a Borrower default. While the PDP lender will know the initial estimate of the step-in purchase price under a purchase agreement at the time it initially makes a PDP loan, such price could fluctuate depending on a number of factors including changes to the associated aircraft mandated by regulatory authorities, changes to the configuration or specification of the aircraft made by the airline, and escalation adjustments based on employment cost, consumer price or other indices. While there will be limitations under the PDP loans from making configuration or specification changes that could increase the step-in price, more than specified threshold amounts, there may not be limitations on other factors that may cause such increases.

If the PDP lender is required to fund the step-in purchase price, it could affect the Advisory Client's expected return on that specific PDP loan, require the Advisory Client to utilize liquidity that would have otherwise been available to make investments in other aviation assets or, in certain cases, require the investors to make additional payments on top of their respective commitments in the event that there are insufficient remaining commitments to make such step-in payments.

Clawback Increasing Purchase Price

In determining the step-in purchase price, an OEM may not give credit for PDPs previously paid or financed by the airline if the OEM is required by a bankruptcy or insolvency court to return such PDPs. While establishing the Borrower as a bankruptcy-remote special purpose entity and assigning the purchase agreement to the Borrower is designed to mitigate this risk, no assurance can be given that the use of bankruptcy remote entities for these purposes will be successful.

Limited Contractual Rights under Purchase Agreement

While the PDP loans will be secured obligations of the Borrower and guaranteed by the Airline Guarantor, the assets securing the PDP loans will be limited to the contractual rights of the Borrower under the applicable purchase agreement. If the PDP lender determines to enforce remedies but not accede to the purchase agreement, there will be no other assets to foreclose upon and the PDP lender will become an unsecured creditor of the Borrower and Airline Guarantor and would be treated the same as any other unsecured creditor of the Borrower and Airline Guarantor.

Costs of Recovery and Enforcement of Remedies

If a Borrower or Airline Guarantor defaults on its obligations under a PDP loan, the PDP lender may be required to expend a significant amount of money to properly enforce its remedies. In addition to typical costs associated with the enforcement of remedies (such as legal and other professional advisor costs), the PDP lender could incur costs associated with the aircraft that is the subject of that applicable purchase agreement. These costs may include any PDPs not funded by the PDP loans or otherwise previously paid by the Borrower or Airline Guarantor and the difference between the PDPs and the purchase price of the aircraft. In addition, if the PDP lender were to take delivery of the aircraft pursuant to the purchase agreement, it would be required to store the aircraft until it could be sold or leased to another airline or aircraft lessor. Further, in connection with the sale or lease of the aircraft to another airline or aircraft lessor, the PDP lender may be required to reconfigure the aircraft for the new purchaser or lessee's needs and requirements.

Insufficient Funds for Loan Repayment

Each PDP loan entered into by a PDP lender will generally mature at the end of the scheduled delivery month of the aircraft that is the subject of the applicable purchase agreement (as extended to the extent permitted under the PDP loan documentation) whether or not the aircraft has been delivered. While the PDP lender can agree to further extensions, it is not obligated to do so. Many of the airlines that will be Airline Guarantors will look to finance or sell the aircraft upon delivery and use a portion of the proceeds to repay the PDP loans. If the PDP loans mature at a time when the airline cannot finance or sell the aircraft (whether as a result of the failure to take delivery of the aircraft during the scheduled delivery month, a displacement in the capital markets leading to

lack of aircraft financing or otherwise), the Borrower and Airline Guarantor may not have sufficient funds to repay the PDP loans at maturity. Under these circumstances, the PDP lender may be able to enforce remedies, but enforcement of such remedies may be subject to the risks described above.

OEM Performance

Each OEM is required to manufacture the aircraft to conform to the terms specified in the applicable purchase agreement, including the appropriate type certificate issued by the FAA or the European Aviation Safety Agency. If an OEM fails to do so, the Borrower will only be able to terminate the Purchase Agreement after an extended period, usually 12 months, and only then could it request a refund of the PDPs. Any such delay in a refund of PDPs could further affect the Borrower's ability to repay the PDP loans.

Ownership Risk

Advisory Clients' investment strategy involves the acquisition of commercial aircraft, engines, other major components, and related technology assets that may be subject to leases with commercial airlines and the subsequent disposal of the aircraft, engines, other major components and/or related technology assets. Certain Advisory Clients intend to focus their investing activities on newer assets, which is different than the investment strategies of other funds managed by the Investment Adviser. An Advisory Client's ability to sell or, to a lesser extent, re-lease, aviation assets on commercially reasonable terms to recover the original investment, and make a profit, is critical to the success of the Advisory Client's investment strategy..

In addition, the selling price and profitability of aviation assets will depend on the operating history of the airframes and engines, including the condition in which the aviation assets are returned to the owner or lessor (e.g., the Advisory Client). Advisory Clients may enter into lease agreements that specify re-delivery conditions with respect to major components including the airframe, engines, landing gear, and auxiliary power unit. Accordingly, the compliance of operators and airlines with re-delivery conditions will determine the value and marketability of the aircraft. If any lessee fails to deliver complete and accurate records of leased aviation assets upon re-delivery or repossession of such aviation assets, the Advisory Clients may be unable to sell or re-lease such aviation assets to operators and airlines because airworthiness requirements could prohibit the use of aircraft containing such aviation assets that do not have complete documentation or, if not prohibited, would hinder the value of the sale of such aviation assets in the aftermarket. In some cases, the lessee will pay a security deposit that is refundable upon the expiration of the lease; provided that all re-delivery conditions are met, and that the lessee has not defaulted under the lease. Also, certain lessees may be required to make periodic maintenance reserve payments to the lessor based on the number of hours or cycles the aircraft, engine, other major components, or related technology asset has accrued or, if such lessees are of a superior credit, pay such amounts only at lease termination. The lessee may, generally after maintenance is performed on the leased asset and the lessee is reimbursed for expenses incurred in connection with such maintenance, then draw upon such reserves to cover the cost of scheduled maintenance. Upon the expiration of the lease, unused reserves are typically retained by the lessor. In any event, there is the risk that these reserves will not be sufficient to cover costs and expenses incurred by the Advisory Clients once the aviation asset is returned and that the Advisory Clients, and the limited partners' investment in

such Advisory Client, will be adversely affected thereby, or alternatively, if the operator has not paid throughout the lease term, fail to pay the amounts due at lease termination. In addition, in certain circumstances, the ability of the lessor to retain such unused reserves can present a conflict of interest for the Investment Adviser including, for example, if aviation assets are traded with another Advisory Client in an effort to reduce maintenance costs and thus preserve the balance of maintenance reserves, which may result in additional fees paid to Carlyle Aviation.

Illiquidity; Lack of Current Distributions

An investment in an Advisory Client should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains, if any, on successful investments are realized. The expenses of operating Advisory Clients (including the fees payable to the Investment Adviser) may exceed its income, thereby requiring that the difference be paid from the Advisory Client's capital, including, without limitation, unfunded commitments.

Because there is significant uncertainty as to the valuation of illiquid investments, the market prices, if any, of such investments may not necessarily reflect the fair value that could actually be realized by an Advisory Client. Under limited circumstances, the Investment Adviser may not have access to all material information relevant to a valuation analysis with respect to an investment. As a result, the valuation of such an Advisory Client's investments, and, consequently, the valuation of the interests themselves, may be based on imperfect information and is subject to inherent uncertainties and may not be readily ascertainable.

Estimates

Any future aviation asset investment returns are strictly estimates of future results based upon assumptions made at the time the estimates are developed. Accordingly, the estimates should not under any circumstances be understood as the performance of any actual investment vehicle or account. There can be no assurance that the results set forth in the estimates will be attained, and actual results may be significantly different from the estimates. Also, general economic factors, which are not predictable, can have a material effect on the reliability of estimates.

Estimates have been prepared based on the Investment Adviser's current view in relation to future events and various other estimations and assumptions made the Investment Adviser, including assumptions about events that have not occurred of which any may be incorrect. Therefore, the estimates are subject to uncertainties, changes and other risks that are beyond control of the Investment Adviser or General Partners and any of which may cause the relevant actual, financial, and other results to be materially different from the results expressed or implied by such estimates.

The estimates are subject to several important risks, qualifications, limitations, and exceptions. The estimates reflect assumptions about market and economic conditions such as the availability of investments for purchase, any of which, if not true, could materially alter the hypothetical performance expressed or implied by the estimates. There are numerous factors related to the markets in general or the implementation of any specific investment program that cannot be fully accounted for in the preparation of estimated performance results, all of which can adversely affect actual investment results.

Failure to Make Capital Contributions

If an investor fails to pay when due installments of its commitment or other of its payment obligations to Advisory Client when due, and the capital contributions and/or other payments made by non-defaulting investors and borrowings by such Advisory Client are inadequate to cover the defaulted capital contribution, an Advisory Client may be unable to pay its obligations when due. As a result, such investment vehicle may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). If an investor defaults, it may be subject to various remedies as provided in the governing documents of an Advisory Client, including, without limitation, a forfeiture of its interests therein, preclusion from further investment in the Advisory Client and participation in further investments by the Advisory Client, reductions in its capital account balance and a forced sale of its interest therein at a discount. The General Partners may, subject to certain limitations, require additional funding of capital contributions from the non-defaulting investors to fund the shortfall caused by a defaulting investor. A default by an investor may also limit the Advisory Client's ability to incur borrowings and avail itself of what would otherwise have been available credit. Investors in an Advisory Client may be controlled by the Investment Adviser, to the effect that the Investment Adviser controls whether the investor funds require capital contributions or other payments to an Advisory Client. To the extent such an investor does not so fund required capital contributions or other payments, the Investment Adviser may elect not to impose default remedies under the governing documents of the Advisory Client. If any failure to fund relates to the actions or inactions of a third-party investor in such investor, the Investment Adviser may elect to impose default remedies under the governing documents of such investor in lieu of the Advisory Client.

Other Carlyle Aviation-Sponsored Invest Vehicles as Limited Partners

Another Carlyle- or Carlyle Aviation-sponsored investment vehicle could, from time to time, hold interests in an Advisory Client and, although Carlyle/Carlyle Aviation controls such other Carlyle/Carlyle Aviation-sponsored investment vehicle, the beneficial owner or owners may be permitted to exercise such other Carlyle/Carlyle Aviation-sponsored investment vehicle's voting rights in respect of an Advisory Client. In such a case the other Carlyle/Carlyle Aviation-sponsored investment vehicle will vote its interests in an Advisory Client in the manner directed by the beneficial owner(s) of such other Carlyle/Carlyle Aviation-sponsored investment vehicle and such other Carlyle/Carlyle Aviation-sponsored investment vehicle will not be considered an affiliate of Carlyle Aviation for purposes of the voting provisions of a partnership agreement.

Public Disclosure

Some of the interests in Advisory Clients will be held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to such Advisory Client or its investments results from interests being held by public investors, such Advisory Client may be adversely affected, including the Advisory Client's competitive advantage in finding attractive investment opportunities. The Advisory Client may, to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisers and/or the

accounts they advise could result in the Investment Adviser and/or the Advisory Client becoming subject to additional disclosure requirements, the specific nature of which is yet uncertain.

Role of Investment Professionals

The success of each Advisory Client will depend in part upon Carlyle Aviation's ability to identify, attract, retain, and motivate talented investment professionals and the skill and expertise of the investment professionals who manage the Advisory Client's investment program. There can be no assurance that such professionals will continue to be associated with or remain in the same roles at Carlyle Aviation, whether as officers, employees, consultants, or otherwise, throughout the life of a particular investment or of any Advisory Client. A loss of the services of key personnel could impair the Investment Adviser's ability to provide services to an Advisory Client. Should one or more of these professionals become incapacitated or in some other way cease to provide advisory services to an Advisory Client, the Advisory Client's performance could be adversely affected. Moreover, there can be no assurances that such professionals will remain in the same roles at Carlyle Aviation, whether as officers, employees, consultants or otherwise throughout the life of a particular investment or of any Advisory Client.

In addition, Carlyle Aviation investment professionals involved in providing advisory services to an Advisory Client could in the future cease providing such services while nonetheless remaining employed by Carlyle Aviation. Separately, there is ever-increasing competition among aircraft leasing companies, alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified professionals, including investment professionals. There can be no assurance that Carlyle Aviation personnel will not be solicited by and join competitors or other firms and/or that Carlyle Aviation will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. In particular, the noncompetition and non-solicitation agreements that certain senior professionals are subject to, together with Carlyle Aviation's other arrangements with such professionals, will not prevent such professionals from leaving, joining Carlyle Aviation's competitors, or otherwise competing with Carlyle Aviation. The noncompetition and non-solicitation agreements expire after a certain period, at which point such senior professionals could compete with Carlyle Aviation and solicit its Advisory Clients and employees, and such agreements may not be enforceable in all cases. In this respect, in January 2023, the U.S. Federal Trade Commission (FTC) published a proposed rule that, if finally issued, would generally prohibit employers from including (and would require rescission of existing) post-employment non-compete clauses (or other clauses with comparable effect) in agreements with their employees.

Conflicts of interest are expected to arise in allocating management time, services or functions, and Carlyle Aviation's ability to access other professionals and resources within Carlyle Aviation or Carlyle for the benefit of a particular Advisory Client may be limited. Such access may also be limited by the internal compliance policies of Carlyle Aviation, including, without limitation, information barrier policies, or other legal or business considerations.

Reliance on the General Partners and Investment Adviser

The Investment Adviser will have exclusive responsibility for an Advisory Client's activities, and,

other than as may be set forth in an Advisory Client's governing documents, investors will have no opportunity to control the day-to-day operation of an Advisory Client or make investment, disposition, or any other decisions concerning the management of an Advisory Client. To safeguard their limited liability for the liabilities and obligations of an Advisory Client, investors must rely entirely on the Investment Adviser to conduct and manage the affairs of an Advisory Client.

Investment Analysis Methodology

The Investment Adviser seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, the Investment Adviser relies on available resources, including market research (which may include reliance on alternative data sources, artificial intelligence, or machine learning). As a result, the due diligence process may at times be subjective. Accordingly, the Investment Adviser cannot be certain that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including irregular accounting, employee misconduct and other fraudulent practices) that are necessary or helpful in evaluating such investment opportunity.

This risk is further exacerbated by the potential impact of public health emergencies which may cause commercial disruptions (including on a global scale) and disrupt the way due diligence investigations have historically been conducted. In circumstances where Carlyle Aviation accesses non-public confidential information, there is a possibility that certain trading restrictions would apply to Carlyle Aviation and its affiliates, which may affect an Advisory Client's ability to transact.

In the event of fraud by any Advisory Client or its investments, an Advisory Client may suffer a partial or total loss of invested capital, and there can be no assurance that any such losses will be offset by gains (if any) realized on an Advisory Client's other investments.

Effect of Substantial Losses on the Operations of the Investment Adviser

If, due to extraordinary market conditions or other reasons, an Advisory Client or any of its affiliates were to incur substantial losses, the revenues of the Investment Adviser and its affiliates may decline substantially. Such losses may hamper the ability of the Investment Adviser and its affiliates to (i) retain employees and (ii) provide the same level of service to such Advisory Client as it has in the past.

General Economic and Market Conditions

The success of an Advisory Client's investment activities will be affected by continued economic volatility as well as general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of an Advisory Client's investments), trade

barriers, consumer spending patterns, currency exchange controls, continued technology disruption, tax reform or other significant policy changes as well as national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts, security operations or public health considerations). In addition, there exists material uncertainty in the global banking markets (particularly as a result of the recent failure of several banks in the United States and globally), and there can be no assurance that other banks (including banks with which Carlyle Aviation and the Advisory Clients or their investments have business relationships) will not suffer adverse effects.

Inflation Rate

Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Recently, the United States and other developed economies have experienced higher than normal inflation rates. It remains uncertain whether substantial inflation in the United States and other developed economies will be sustained over an extended period or have a significant effect on the United States or other economies. An increase in interest rates has and could continue to increase the cost of debt financing for the transactions that Advisory Clients pursue. In addition, a significant contraction or weakening in the market for debt financing or other adverse change relating to the terms of debt financing (such as, for example, higher equity requirements and/or more restrictive covenants), particularly in financings for aviation assets, could have a material adverse effect on Advisory Clients.

Misconduct of Personnel

There have been several highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to Carlyle Aviation. Misconduct by employees or by third-party service providers to the Investment Adviser or an Advisory Client could cause significant losses to an Advisory Client. Employee misconduct could include, among other things, binding an Advisory Client to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), or otherwise charging (or seeking to charge) inappropriate expenses to an Advisory Client or Carlyle Aviation. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Advisory Client's business prospects or future activities. Furthermore, because of Carlyle's diverse businesses and the regulatory regimes under which they operate, misdeeds by a Carlyle entity (or its personnel), including Carlyle Aviation, may result in foreclosing an Advisory Client's ability to conduct its activities in the manner otherwise intended. It is not always possible to deter misconduct by employees or service providers, and the precautions Carlyle Aviation takes to detect and prevent this activity may not be effective in all cases.

Third-Party Service Providers

Certain of an Advisory Client's and the Investment Adviser's operations interface with and/or depend on third parties, including an Advisory Client's administrator or other service providers, and such Advisory Client or the Investment Adviser may not be able to verify the risks or reliability of such third parties. An Advisory Client could suffer adverse consequences from actions, errors, or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them. The costs, fees and expenses associated with the provision of such services by third-party service providers will generally be borne by an Advisory Client instead of its general partner or the Investment Adviser, thereby increasing the expenses borne by such Advisory Client's investors.

Newly Formed Entities; Lack of Operating History

Each Carlyle Aviation-sponsored investment vehicle advised by the Investment Adviser will initially be a newly formed entity which has not commenced operations and therefore will have no operating history upon which an investor may evaluate its performance. There can be no assurance that any such Carlyle Aviation-sponsored investment vehicle will be able to implement its investment strategy and investment approach or achieve its investment objective or that an investor will receive a return of its capital. Past performance of investment entities associated with Carlyle Aviation is not necessarily indicative of future results, and there can be no assurance that a Carlyle Aviation-sponsored investment vehicle will achieve comparable results or that targeted returns will be met. Moreover, each such Carlyle Aviation-sponsored vehicle is subject to all the business risks and uncertainties associated with any new investment vehicle, including the risk that it will not achieve its investment objectives and that the value of an interest in such investment vehicle could decline substantially. Accordingly, investors should draw no conclusions from the prior experience of the Investment Adviser, Carlyle Aviation investment professionals, or the performance of any other Carlyle Aviation investments and should not expect to achieve similar returns.

Ongoing Turmoil in the U.S. and Global Financial Markets

Turmoil such as that currently experienced by the United States and global financial markets as a result of the ongoing Russia-Ukraine and Middle East wars, the recent COVID-19 pandemic, and such as markets endured during the global financial crisis of 2008 and recent collapses of financial companies including cryptocurrency companies, illustrates the risk that the financial markets can experience uncertainty, volatility, and instability, potentially for protracted periods of time. Lending and global credit markets continue to experience substantial volatility, disruption, liquidity shortages and, to some extent, financial instability. Global financial markets have experienced considerable and prolonged declines in the valuations of equity and debt securities and periodic acute contraction in the availability of credit. There can be no assurances that conditions in the United States and global financial markets will not worsen and/or adversely affect one or more of an Advisory Client's investments (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage (including the ability to access cash for immediate needs including payroll and expenses), its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, last year's turmoil in the U.S. and European banking sectors have caused uncertainty for financial services companies, and fear of instability in the global financial system generally, including the closure of Silicon Valley Bank ("SVB"), Signature Bank ("**Signature**") and First Republic Bank ("**First Republic**"). Depositors and other customers of smaller and/or regional banks have experienced, and may continue to experience, significant challenges and uncertainty regarding access to banking products and services, including with respect to the availability of such customers' deposits, lines of credit and other accounts and banking relationships. In addition, certain financial institutions (in particular, smaller and/or regional banks or other financial institutions) have experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors at these institutions have withdrawn, or will withdraw in the future, significant sums from their deposit accounts.

Should similar extraordinary events continue to occur, there is risk that more of these smaller and/or regional banks, or other financial institutions, may become in danger of default and/or face risk of closure, receivership, or other government intervention. Should additional banks be closed by governmental authorities, placed into receivership or conservatorship, or otherwise require government intervention, there is no assurance that the FDIC will guarantee uninsured depositors at any other financial institution. Even without additional bank closures, uncertainty caused by recent bank failures and general concern regarding the financial health and outlook for other financial institutions could have an overall negative effect on banking systems and financial markets generally. The recent developments may also have other implications for broader economic and monetary policy, including interest rate policy, and may impact the financial condition of banks and other financial institutions outside of the United States. For the foregoing reasons, there can be no assurances that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect an Advisory Client, its investments, or their respective financial performance.

Prior to their closure, SVB and Signature provided significant banking services to the private equity industry. It is not currently known whether, and to what extent, their respective successor banks will continue to provide comparable banking services to the private equity market.

Any future failure of other banks or financial institutions would be expected to result in significant uncertainty as to whether the failed bank (under FDIC receivership or conservatorship), or any successor institution (such as a bridge bank or other acquirer) will be able or willing to honor new draw requests under their existing credit facilities in which they are the sole lender or a syndicate lender. If any of the financial institutions that hold an Advisory Client's deposits were to be placed in receivership by the FDIC or otherwise fail, the Advisory Client may be unable to access such funds. In addition, if any parties with whom the Advisory Client conducts business are unable to access deposited funds or other funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to pay their obligations to the Advisory Client or to enter into new arrangements requiring additional payments to the Advisory Client could be materially adversely affected.

To the extent any troubled financial institutions default on their obligation to fund their loan commitments, in the short term the business operations of their borrowers may be limited or suspended due to lack of liquidity. And in the longer term, such borrowers may look to refinance away from defaulting lenders, which may introduce additional or new risks to these institutions. Given the magnitude of such banks and other financial institutions' loan portfolios, there can be no guarantee that other financial institutions have the capacity to provide replacement financing in a timely manner, if at all. Further, there can be no assurances that an Advisory Client or its investments will establish banking relationships with multiple financial institutions, and the Advisory Client and its investments are expected to be subject to contractual obligations to maintain all or a portion of their respective assets (including deposits) with a particular bank (including, without limitation, in connection with a credit facility or other financing transaction). For example, it could be a violation of such contractual obligations to establish or maintain banking products and services, including deposits, lines of credit and other accounts and banking relationships, at another bank. Any actions to establish a banking relationship with another bank in respect of an investment or portfolio of investments could result in financial or other penalties that limit and dis-incentivize an Advisory Client and its investments from taking steps to establish banking relationships with multiple financial institutions.

Simultaneously with the recent events in the U.S. banking sector, the Swiss regulators intervened in the collapse of Credit Suisse Group AG ("**Credit Suisse**"), one of the global systemically important banks, and brokered its partial sale to UBS Group AG on March 19, 2023. There is a risk that other financial institutions could undergo significant depositary outflows as a result of contagion disconnected from market fundamentals or for other reasons, and it is unclear what steps regulators would take, if any, in the event of further bank closures or continuing (or increasing) market distress.

In addition, some of an Advisory Client's limited partners and/or transaction counterparties may bank with, or otherwise have exposure to SVB, Signature, First Republic, Credit Suisse or other smaller and/or regional banks or similar financial institutions. To the extent any such parties' operations are impacted by such banks or any other financial institution that may be closed by governmental authorities, placed into receivership or conservatorship, or otherwise fail or require government intervention, their ability to conduct their business activities in the ordinary course may be significantly restricted. Any such events, in turn, may impact an Advisory Client's operations.

The performance of certain Advisory Client investments will also be substantially dependent upon prevailing prices of oil, natural gas, coal, and other commodities (such as metals) and the differential between prices of specific commodities that are a primary factor in the profitability of certain conversion activities such as petroleum refining ("crack spread") and power generation ("spark spread"). Commodity prices are likely to continue to be volatile and subject to wide fluctuations in response to any of the following factors: (i) relatively minor changes in the supply of and demand for each commodity; (ii) market uncertainty; (iii) political conditions in international commodity producing regions, including conflicts such as the Russia-Ukraine and the Middle East wars; (iv) the extent of domestic production and the importation of commodities in certain relevant markets; (v) the foreign supply of commodities; (vi) the price of foreign imports; (vii) the price and availability of alternative fuels; (viii) the level of consumer demand; (ix) the imposition of tariffs by the U.S. and other countries; (x) the price of steel and the outlook for steel

production; (xi) weather conditions; (xii) the competitive position of oil, gas or coal as a source of energy as compared with other energy sources; (xiii) the industry-wide refining or processing capacity for oil, gas or coal; (xiv) the effect of United States and non-U.S. federal, state and local regulation on the production, transportation and sale of commodities; (xv) with respect to the price of oil, actions of the Organization of Petroleum Exporting Countries; (xvi) the expected consumption of coking coal in steel production; (xvii) the amount and character of excess electric generating capacity in a market area; (xviii) overall economic conditions; and (xix) a variety of additional factors that are beyond the control of Carlyle Aviation, the Investment Advisor, or an Advisory Client. A substantial or extended decline in commodity prices may materially and adversely affect an Advisory Client's investment activities as well as the financial condition, results of operations and liquidity of an Advisory Client's investments and the ability of such investments to finance planned capital expenditures.

COVID-19 and Public Health Emergencies

The outbreak of COVID-19, which the World Health Organization previously declared a public health emergency of international concern (“PHEIC”), resulted in numerous deaths, adversely impacted global commercial activity, and contributed to significant volatility in certain equity, debt, derivatives, and commodities markets.

Any future PHEIC or other public health emergency, including any new or variant outbreaks of COVID-19, SARS, H1N1/09 flu, avian flu, respiratory syncytial virus (RSV), other coronaviruses, Ebola or other existing or new epidemic diseases, or the threat thereof, could negatively impact an Advisory Client and could meaningfully affect an Advisory Client's ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on an Advisory Client's financial performance will depend on many factors, including, but not limited to, the duration and scope of such public health emergency (as well as the availability of effective treatment and/or vaccination), the extent of any related travel advisories and voluntary or mandatory government or private restrictions implemented, the impact of such public health emergency on overall supply and demand, goods (including component parts and raw materials) and services, investor liquidity, consumer confidence and spending levels, the extent of government support and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. For this reason, valuations in this environment are subject to heightened uncertainty and subject to numerous subjective judgments even beyond what is traditionally the case, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified to effectively capture fair value in the midst of significant volatility or market dislocation. The effects of a public health emergency may negatively impact the value and performance of an Advisory Client's investments and the Advisory Client's ability to source, manage and divest investments (including but not limited to circumstances where potential transactions are already signed but not closed) and an Advisory Client's ability to achieve its investment objectives, all of which could result in significant losses to an Advisory Client. A public health emergency like the COVID-19 PHEIC may have a greater impact on leveraged assets. Any such disruptions may continue for an extended and uncertain period.

In connection with the impacts of the COVID-19 PHEIC and any future such public health crisis, an Advisory Client is expected to incur heightened legal expenses which could similarly have an adverse impact on such Advisory Client's returns. For example, but not by limitation, an Advisory Client or its investments may be subject to heightened litigation and its resulting costs, which may be significant and are expected to be borne by an Advisory Client and/or its investments. There is also a heightened risk of cyber and other security vulnerabilities during a public health emergency, which could result in adverse effects to an Advisory Client or its investments in the form of economic harm, data loss or other negative outcomes.

Uncertain Geopolitical Events

See also "Aviation Industry Risks" disclosureItem 08 above.

International and/or local geopolitical events are likely to influence an Advisory Client's investments, including ongoing wars in Ukraine and the Middle East. Such geopolitical events, including, without limitation, war, national referenda, political elections, interest rates, fluctuations in oil and other energy prices, international violent and non-violent conflicts, terrorist attacks, humanitarian crises, political movements, reactions to national and international emergencies and the general uncertainty caused by any of the foregoing, can affect monetary policy, fiscal policy, international relations, currency valuations, legal systems and regulatory regimes, among numerous other things, in ways that could, directly or indirectly, impact the Advisory Client and its investments and/or their ability to operate and/or pursue their respective investment strategy. Because it is difficult to predict the ultimate impact of such geopolitical events on global economic and market conditions, the events present material uncertainty and risk with respect to an Advisory Client and the performance of its investments, and the ability of an Advisory Client to achieve its investment objectives.

In February 2022, Russian President Vladimir Putin ordered the Russian military to invade Ukraine. Around the same time, the United States, United Kingdom, European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus, as well as several Russian oligarchs. Additional sanctions, export controls, and other measures continue to be adopted as the conflict continues. Given the ongoing nature of the conflict and the potential for ongoing escalation, it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to Advisory Clients and the performance of their investments or operations, and the ability of Advisory Clients to achieve their investment objectives. Furthermore, if after subscribing to an Advisory Client, an investor is included on a sanctions list, an Advisory Client may be required to cease any further dealings with the investor's interests until such sanctions are lifted or a license is sought under applicable law to continue dealings. Although the Investment Adviser and its affiliates expend significant effort to comply with the sanction regimes in the countries where they operate, one of these rules could be violated by an Advisory Client's activities or its investors, which would adversely affect such Advisory Client. Continuation of Trends and Conditions

The investment strategies of Advisory Clients and the availability of opportunities satisfying Advisory Clients' risk-adjusted return parameters may rely in part on the continuation of certain

trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast, or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurances that either the assumptions made or the beliefs and/or expectations currently held by the Investment Adviser will prove correct and actual events and circumstances may vary significantly.

Availability of Financing

A combination of lack of liquidity and regulatory constraints on the amount of debt banks may extend for transactions in the capital markets may make it significantly more difficult for the Investment Adviser to obtain favorable financing for investments and the financing that is available may be on significantly less favorable terms than had been prevailing in the past. The Investment Adviser may be required to finance transactions with a greater proportion of equity relative to prior periods. General fluctuations in the market prices of investments may affect the value of the investments held by an Advisory Client. Instability in global financial markets may also increase the risks inherent in an Advisory Client's investments.

See risk factors above discussing market conditions and turmoil in the global financial markets for an additional discussion of the potential impact such market conditions may have on the availability of financing and credit to Advisory Clients and their potential or existing investments.

Diversification and Concentration Risks

The investment portfolio of an Advisory Client may be concentrated in a limited number of investments. Beyond asset diversification requirements or concentration limitations set forth in an Advisory Client's applicable governing documents or contractual agreements, Advisory Clients do not have fixed guidelines for diversification, and investments may be concentrated in investments related to a single or limited number of airlines, types of operators, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose Advisory Clients to significant losses. As a result, the aggregate returns realized by Advisory Clients may be significantly adversely affected if a small number of investments perform poorly or if the Advisory Client needs to write down the value of one or more investments. Additionally, a downturn in the aviation industry could also significantly impact the aggregate returns realized.

Illiquid and Long-Term Investments; Certain Proceeds

An investment in an Advisory Client may require a long-term commitment with no certainty of return, and there most likely will be little or no near-term cash flow available to the investors. Many of an Advisory Client's investments will be highly illiquid, and there can be no assurance that an Advisory Client will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period. An Advisory Client's ability to realize an investment can be dependent on the market for aviation assets and securities backed by aviation assets. Advisory Client may be unable to liquidate investments or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of

an Advisory Client's investment will be found.

Investments Longer than Term

Each Carlyle Aviation-sponsored investment vehicle may make investments that may not be advantageously disposed of prior to the date that the winding up of such investment vehicle commences, either by expiration of its term or otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds of the liquidation of the remaining assets to investors will occur. Such winding-up and final distribution may occur several years after the investment vehicle enters into dissolution.

Confidential or Material, Non-Public Information

By reason of their responsibilities in connection with other activities of Carlyle Aviation, certain personnel of the Investment Adviser may acquire confidential or material non-public information concerning an Advisory Client's existing or proposed investment, and the possession of such information may limit the ability of the Investment Adviser to buy or sell particular instruments on behalf of Advisory Clients, thereby limiting the investment opportunities or exit strategies available to the Advisory Clients. In addition, holdings in the instruments of an issuer by Carlyle Aviation, Carlyle, or their affiliates may affect the ability of Advisory Clients to make certain acquisitions of or enter into certain transactions with such issuer.

Carlyle Aviation has erected an information barrier to segregate the flow of material, non-public information between CASP and the rest of Carlyle and Carlyle Aviation (the "**CASP Information Barrier**"). The purpose of the CASP Information Barrier is to mitigate potential conflicts of interest and address certain regulatory, legal, and contractual requirements to minimize restrictions on collaboration between CASP and the rest of Carlyle and Carlyle Aviation. For example, if the Investment Adviser comes into possession of material, non-public information, the CASP Information Barrier protects the investment activities of CASP, on the one hand, and the rest of Carlyle and Carlyle Aviation, on the other hand, by preventing such information from being imputed from one business unit to the other.

The establishment and maintenance of the CASP Information Barrier means CASP will generally not be able to use, act on or otherwise be aware of confidential information otherwise known by or in the possession of the rest of Carlyle (and vice-versa), and collaboration between personnel associated with CASP, on the one hand, and personnel of the rest of Carlyle, on the other hand, may be limited, reducing potential synergies.

The Investment Adviser is also subject to an information barrier that segregates the flow of material, non-public information between the Global Credit segment and the rest of Carlyle. Carlyle has established and is expected to continue to establish additional information barriers as needed, including with regards to certain investments of its advisory clients in the financial services and insurance solutions sectors.

Compliance with Anti-Money Laundering and Know-Your-Customer Requirements

In response to increased regulatory concerns with respect to the sources of funds and sources of wealth used in investments and other activities, the general partner of an Advisory Client typically requests investors to provide documentation verifying, among other things, such investors' identity, source of funds, and source of wealth used to purchase the interests of such Advisory Client. The amount and types of such information requested may vary depending on an Advisory Client's domicile (due to local regulatory requirements), and complying with such requests may be burdensome, inconvenient, and intrusive. The general partner of an Advisory Client may decline to accept a subscription on the basis of the information that is provided or if this information is not provided. The general partner of an Advisory Client may also refuse the transfer of interests in such Advisory Client if the person to whom the interests are to be transferred fails to meet the criteria and/or provide all documentation and information recommended or prescribed by anti-money laundering and know-your-customer laws, regulations, and policies applicable to such Advisory Client. Requests for documentation and additional information may be made at any time during which an investor holds an interest in an Advisory Client. Such general partner may be required (under, for example, the Bank Secrecy Act, as amended by Title III of the USA Patriot Act and the Corporate Transparency Act) to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. The general partner of an Advisory Client or its affiliates will take such steps as it determines in its sole discretion is necessary to comply with applicable law, regulation, orders, sanctions, directives, or special measures. These steps may include prohibiting an investor from making further contributions of capital to an Advisory Client, temporarily holding on or depositing distributions or other funds or assets to which an investor would otherwise be entitled to in an escrow account or causing the exclusion of an investor from the Advisory Client.

Currency and Exchange Rate

Investors from any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price, or income of the investment to such investor. It should be noted that the fees, costs and expenses incurred by an investor in converting their local currency to U.S. dollars (if applicable) in order to meet capital calls will be borne solely by such investor and will be in addition to the amounts required by such capital call (and will not be part of or otherwise reduce an investor's capital commitments and/or unfunded capital commitments, as applicable).

Hedging Transactions

In connection with the acquisition, financing, holding or disposition of certain investments or potential investments, an Advisory Client may employ hedging techniques designed to reduce certain risks, including, among others, the risk of adverse movements in interest rates and currency exchange rates, but there will be no obligation to engage in such hedging activities. While such transactions may reduce certain risks, such transactions themselves entail certain other risks. Thus, while an Advisory Client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates or currency exchange rates, or the transactional fees associated with such

mechanisms may result in a poorer overall performance for such Advisory Client than if it had not entered into such hedging transactions. These arrangements may also require the posting of cash collateral at a time when the Advisory Client has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, which may reduce the returns generated by the Advisory Client. The general partner of an Advisory Client may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills that are different than the skills used in selecting and monitoring investments. There can be no assurance that any risk management procedure will be effective in reducing risks associated with the use of hedging techniques or that the use of such techniques by an Advisory Client will not result in poorer overall performance for an Advisory Client than if it had not utilized such techniques.

Managers of certain pooled investment vehicles with exposure in commodity interests may be required to register with the U.S. Commodity Futures Trading Commission (“CFTC”) as commodity pool operators (“CPOs”) and/or commodity trading advisors (“CTAs”) and become members of the National Futures Association (the “NFA”). In connection with their hedging/risk management (and other) swap activity, applicable Advisory Clients generally seek to rely on an exemption from registration available to entities with de minimis levels of swap exposure. However, to the extent that such swap activity exceeds these de minimis thresholds (or the Advisory Clients and their general partners otherwise fail to file for an applicable exemption), the Investment Adviser, as the investment manager with respect to such Advisory Clients, may be required to register with the CFTC. In addition, as a result of their hedging/risk management (and other) swap activity, certain Advisory Clients or related entities also may be subject to a wide range of other regulatory requirements, such as: (i) potential compliance with certain commodities interest position limits or position accountability rules; (ii) administrative requirements, including recordkeeping, confirmation of transactions and reconciliation of trade data; (iii) mandatory central clearing and collateral requirements; and (iv) initial and variation margin requirements for uncleared swap transactions. Furthermore, any determination to cease or to limit holding or investing in interests which may be treated as “commodity interests” to comply with the regulations of the CFTC and/or available exemptions may have an adverse effect on an Advisory Client’s ability to implement its investment objectives and to hedge risks associated with its operations.

Interest Rate Risks

Changes in interest rates may adversely affect an Advisory Client’s underlying investments and changes in the general level of interest rates can affect the expense of its interest-bearing liabilities and its ability to realize gains from the sale of assets. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements, and other factors beyond the control of the general partner of the Advisory Client or the Investment Adviser. Any deterioration of the global debt markets, any possible future failures of financial services companies and/or a significant rise in market perception of counterparty default risk,

interest rates and/or taxes may adversely affect the Advisory Client's ability to generate attractive risk-adjusted investment returns. To seek to reduce the interest rate risk inherent in an Advisory Client's underlying investments, an Advisory Client may enter into interest rate transactions, including but not limited to interest rate swaps and caps. Depending on the state of interest rates in general, an Advisory Client's use of interest rate transactions could enhance or harm the overall performance of the Advisory Client.

Pay-to-Play Laws, Regulations and Policies

In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a political contribution to certain elected officials or candidates. The Investment Adviser is subject to the policies and procedures adopted by Carlyle to account for these pay-to-play laws, regulations, or policies, and to comply with the New York Attorney General's Public Pension Fund Reform Code of Conduct (the "**Pension Fund Reform Code**"), which governs its interactions with U.S. public pension funds. If the Investment Adviser or its employees or affiliates fail to comply with the Pension Fund Reform Code or such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on an Advisory Client by, for example, providing the basis for the withdrawal of the affected government plan investor.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes, including new interpretations of existing laws and regulations, could occur during the term of an Advisory Client that may adversely affect such Advisory Client (or term of the applicable investment management agreement in the case of a separately managed account). The regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of investments held by an Advisory Client and the ability of such Advisory Client to effectively employ its investment and trading strategies. Increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the Investment Adviser and may divert time and attention from portfolio management activities.

There is a material risk that regulatory agencies in the United States, Europe, Asia, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the alternative asset management (including public or private markets) industry, or other changes that could adversely affect alternative investment firms and the funds they sponsor, including an Advisory Client. In addition, and in particular in light of the changing global regulatory climate, Advisory Clients may be required to register under certain foreign laws and regulations and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market to potential investors, which may generally limit an Advisory Client's ability to raise capital and/or increase

the costs and expenses borne by the investors in such Advisory Clients. Furthermore, the OECD, as defined below, has proposed changes to numerous long-standing principles through its base erosion and profit shifting project (“**BEPS**”). Several of the proposed measures, including measures covering treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements are potentially relevant to investment structures and could have an adverse impact on each Advisory Client and investors. In addition to BEPS, the EU (as defined below) has adopted the Anti-Tax Avoidance Directive that addresses many of the items of BEPS, including hybrid mismatch rules and interest deduction limitations, which such rules could have an adverse tax impact on Advisory Clients and investors. The Anti-Tax Avoidance Directive includes rules targeting reverse hybrids, and the domestic laws that implement them are extensive, complex and could apply to a wide range of scenarios. While certain countries have issued guidance on the application of these rules, the impact of these rules and their application to our entities remains uncertain.

The OECD is also leading work on proposals based on two “pillars” involving the reallocation of taxing rights (“**Pillar One**”) and ensuring all companies pay a global minimum corporate tax (“**Pillar Two**”) which, if implemented, could fundamentally change the international tax system. There remains significant uncertainty as to the interaction of these rules and, subject to the development and implementation of both Pillar One and Pillar Two (including the details of any domestic legislation, double taxation treaty amendments and multilateral agreements that may be necessary to implement them), effective tax rates could increase for Advisory Clients or their limited partners, including by way of higher levels of tax being imposed, possible denial of deductions, increased withholding taxes and/or profits being allocated differently.

Political leaders in the United States and certain European nations have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries and has made proposals and taken actions related thereto. For example, the U.S. government has recently imposed tariffs on certain foreign goods, including steel and aluminum and has more recently implemented export controls with respect to U.S. computer chip sales in China. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Other countries, such as Mexico, have also threatened retaliatory tariffs on certain U.S. products. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of an Advisory Client. In particular, the United States and China have agreed to a partial trade deal with respect to their ongoing trade dispute; however, certain issues remain unresolved, which is expected to be an ongoing source of instability, potentially resulting in significant currency fluctuations and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). Further, on October 7, 2022, the Bureau of Industry and Security (“**BIS**”) of the U.S. Department of Commerce released broad changes in export control regulations, including new regulations restricting the export to China of certain components and technology related to semiconductors. The new restrictions are lengthy and complex. While this dispute has had negative economic consequences on the U.S. markets, if trade-related issues persist, including as a result of

geopolitical tensions, there could be additional significant impacts on the industries in which an Advisory Client participates and other adverse impacts on investments. In addition, trade disputes may develop between other countries, which may have similar or more pronounced risks and consequences for an Advisory Client or its investment portfolio.

Prospective investors in any Advisory Client should note that the outcome of presidential and other elections creates uncertainty with respect to legal, tax and regulatory regimes in which an Advisory Client will operate. In addition to any proposed tax legislation, any significant changes in, among other things, economic policy (including with respect to interest rates), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on Advisory Clients and their investments.

As an SEC-registered investment adviser, the Investment Adviser is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws that include, without limitation, the obligation of the Investment Adviser and its affiliates to make regulatory filings with respect to the Advisory Clients and their activities under the Advisers Act (including, without limitation, Form ADV or Form PF). Relatedly, Carlyle Aviation may be required to provide certain information regarding some of the investors in the Advisory Clients to regulatory agencies and bodies to comply with applicable laws and regulations. In light of the heightened regulatory environment in which the Advisory Clients operate and the ever-increasing regulations applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for the Investment Adviser and its affiliates and Advisory Clients to comply with such regulatory reporting and compliance-related obligations.

These changes (including, without limitation, amendments to the SEC's Marketing Rule, 206(4)-1, which went into effect November 4, 2022) and any further increases in the regulations applicable to private investment funds generally, or an Advisory Client and/or the Investment Adviser in particular, some of which are further described below, are expected to result in increased expenses, which may be material, associated with the Advisory Client's activities and additional resources of the Investment Adviser being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for such Advisory Client's investors and/or have an adverse effect on the ability of such Advisory Client to effectively achieve its investment objective.

In May 2023 and February 2024, the SEC adopted amendments to Form PF, a confidential form relating to reporting by private funds and intended to be used for systemic risk oversight purposes (the "**Form PF Amendments**"). The Form PF Amendments represent a significant expansion of existing reporting obligations, including disaggregating related fund vehicles in the filings and requiring the Investment Adviser to report to the SEC the occurrence of certain fund-related events.

In addition, in August 2023, the SEC voted to adopt previously proposed new rules and amendments to existing rules under the Advisers Act (collectively, the "**Private Funds Rules**") specifically related to investment advisers and their activities with respect to private funds they advise. In particular, the Private Funds Rules will, among other changes, impose required quarterly reporting by private funds to investors concerning detailed information on performance, investments, adviser-compensation, fees and expenses, capital inflows and capital outflows; require registered investment advisers to obtain an annual audit for all private funds that meets the

requirements of the existing U.S. Advisers Act custody rule; require registered investment advisers to obtain a fairness or valuation opinion and make certain disclosures, in connection with adviser-led secondary transactions (also known as GP-led secondaries); restrict advisers from engaging in certain practices unless they satisfy certain disclosure requirements and, in some cases, consent requirements, which practices include, without limitation, charging regulatory or compliance fees or expenses, or fees or expenses associated with an examination, of the Investment Adviser or its related persons to private fund clients, seeking reimbursement for certain investigation-related expenses, reducing the amount of an Advisory Client's general partner's clawback to the extent applicable, by actual, potential or hypothetical taxes applicable to an Advisory Client's general partner, borrowing from a private fund, making non-pro rata fee or expense allocations; restrict advisers from engaging in certain forms of preferential treatment to private fund investors related to liquidity and information rights if they would be reasonably expected to have a material negative effect on other investors and otherwise require advisers to make certain disclosures regarding preferential treatment of investors; and prohibit an adviser from having a private fund bear the costs of any fees or expenses related to an investigation resulting in a court or governmental authority imposing a sanction for violating the Advisers Act. The Private Funds Rules also impose additional requirements on advisers to document their annual compliance reviews in writing and retain additional required books and records relating to private funds they advise. Although the legality of the Private Funds Rules is currently being challenged in federal court, it is uncertain whether this legal challenge will succeed.

While the full impact of the Private Funds Rules cannot yet be determined, it is generally anticipated that these rules will have a significant effect on private fund advisers, including the Investment Adviser, and their operations, including by increasing regulatory and compliance costs and burdens and heightening the risk of regulatory inquiries and actions (including public regulatory sanctions). Advisory Clients are expected to bear (either directly or indirectly through its portfolio investments) certain regulatory and compliance costs relating to the Private Funds Rules, which could include (without limitation) fees, costs and expenses incurred in connection with preparing and distributing to investors the quarterly statements required by the rules, soliciting and obtaining from investors any consents required by the rules, providing investors with any notices or disclosures required by the rules and obtaining and distributing to investors fairness or valuation opinions in connection with adviser-led secondary transaction (including fees paid to third parties engaged by Carlyle Aviation or an Advisory Client to perform or assist with such actions or processes), which fees, costs and expenses could be expected to be material.

The SEC has also recently proposed other new rules and rule amendments under the Advisers Act in relation to: ESG categorization and reporting for private fund advisers; the safeguarding of client assets (which would amend and redesignate the existing Custody Rule); the outsourcing of certain functions by advisers to service providers; cybersecurity risk governance for advisers and broker-dealers; changes to Regulation S-P, which addresses privacy and breach notification requirements for certain covered institutions, including advisers, and the use of predictive data and associated conflicts of interest.

Any current or future proposed rulemakings or rule amendments by the SEC ("**SEC Proposals**"), if adopted, may result in material alterations to how Carlyle Aviation operates its business, as well Carlyle Aviation's implementation of the Advisory Clients' investment strategy, and there can be no assurance that such alterations will not have a material adverse effect on Carlyle Aviation, the

Investment Adviser and its affiliates, its Advisory Clients and Advisory Clients' general partners, investments, and/or investors. In particular, any SEC Proposals, including with modifications, could have a significant effect on registered investment advisers, including those to private funds, registered investment companies, or business development companies and their operations, including increasing compliance burdens and associated regulatory costs; increasing litigation risk; reducing the ability to receive expense or indemnification reimbursements; increasing the risk of regulatory action, fines, penalties, or public regulatory sanctions; increasing the cost and availability of reporting; and reducing the availability of service providers and counterparties and/or increasing the costs associated with obtaining and maintaining relationships with service providers and counterparties for Carlyle Aviation and its Advisory Clients. Such changes may also result in modifications to the Investment Adviser's practices and risk appetite in respect of its investment programs and other operations, which for example, could negatively impact decision-making and fund performance due to changes in indemnification standards. In addition, SEC Proposals with increased disclosure obligations are likely to result in the Investment Adviser incurring higher costs if such new disclosure obligations require it to spend more time, hire additional personnel, or buy new technology to comply effectively. Further, we note that in connection with certain of the SEC Proposals, if such proposals were to be enacted, they could also significantly increase the cost of insurance, or may even make such insurance coverage unavailable. To the extent permitted under the governing documents of an Advisory Client and applicable regulation, the incremental costs of compliance by Carlyle Aviation, the general partner of such Advisory Client, and/or such Advisory Client with any new SEC rules, including without limitation the SEC Proposals, may be borne by the Advisory Client, which may be significant.

The SEC has also proposed numerous new and amended rules that would apply to market participants that Carlyle Aviation regularly interacts with, including broker-dealers' execution of trades and clearance and settlement of trades. If these proposed rules become effective, they could affect Carlyle Aviation's business by making it more costly financially or burdensome for Carlyle Aviation to engage in certain business transactions.

In January 2024, the U.S. Corporate Transparency Act and its beneficial ownership information reporting requirements (collectively, the "**CTA**") became effective, requiring certain legal entities to report beneficial ownership information to the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**"). The CTA will impose increased compliance costs, regulatory obligations and reporting burdens on the Investment Adviser and its Advisory Clients.

In February 2024, FinCEN proposed a rule that would require registered investment advisers to, among other measures, adopt an anti-money laundering and countering the financing of terrorism ("**AML/CFT**") program and file certain reports with FinCEN. The proposed rule would also delegate authority to the SEC to examine registered investment advisers' and exempt reporting advisers' compliance with these requirements. If this proposal is adopted, it could impose additional regulatory obligations related to AML/CFT on the Investment Adviser.

In June 2023, the Public Company Accounting Oversight Board ("**PCAOB**") proposed amendments to its auditing standards related to a company's noncompliance with laws and regulations that would affect all audits of publicly traded companies, including Carlyle. The proposal, if adopted, would impact the scope of the audit by significantly expanding the auditor's objectives related to compliance beyond what has traditionally been addressed in a financial

statement audit and accordingly can be expected to require additional resources and increased costs to ensure compliance with the revised standards.

Additionally, increased reporting, registration, and compliance requirements may divert the attention of personnel and the management teams of the general partner of an Advisory Client and may furthermore place an Advisory Client at a competitive disadvantage to the extent that the Investment Adviser is required to disclose sensitive business information.

Cybersecurity Breaches, Identity Theft, Privacy Breaches, and Other Threats

Cybersecurity incidents and cyberattacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. There has been an increase in the frequency and sophistication of the cyber and security threats that the Investment Adviser faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target the Investment Adviser because it processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Advisory Clients and personally identifiable information regarding investors and employees. For example, related to the Russia-Ukraine war, Russia has threatened significant cyberattacks and other forms of cyberwarfare against military and civilian targets globally. Similarly, service providers of the Investment Adviser or an Advisory Client, especially an administrator, may process, store, and transmit such information. As a result, the Investment Adviser may face a heightened risk of a security breach, online extortion attempt, or disruption with respect to this information resulting from an attack by computer hackers, foreign governments, cyber extortionists, or cyber terrorists. If successful, these types of attacks on the Carlyle or Carlyle Aviation's network or other systems could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in our business and damage to Carlyle Aviation's reputation. Carlyle Aviation's airline lessees, maintenance facilities, contractors, investors, and other third parties with whom the Carlyle Aviation does business also experience cyber threats and attacks that are similar in frequency and sophistication. In many cases, Carlyle Aviation and the Investment Adviser must rely on the controls and safeguards put in place by their airline lessees, maintenance facilities, contractors, investors and other third parties to defend against, respond to, and report these attacks.

Because employees and contractors may introduce vulnerabilities in systems by user error or if they are the target of "phishing," social engineering or other attacks through the firm's systems, including email, Carlyle Aviation has implemented a security awareness training program. The objective of this program is to inform Carlyle Aviation personnel of their responsibility for information security and includes quarterly online training, live awareness events and phishing simulations.

Carlyle Aviation's and Carlyle's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, security threats (including ongoing cybersecurity threats to and attacks on our information technology infrastructure), infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, system risk associated with cyber-kinetic warfare, terrorist attacks, catastrophic nation-state hacks, and other similar events. Measures designed to

manage risks relating to these types of events 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. If these systems are compromised, become inoperable for extended periods of time, or cease to function properly, an Advisory Client and/or its investments may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Carlyle Aviation's and/or its Advisory Client's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors, employees, and investments.

A cybersecurity incident or data privacy breach could have numerous material adverse effects, including on the operations, liquidity, and financial condition of an Advisory Client (and the beneficial owners of investors). Cyber threats and/or incidents or data privacy breaches could cause financial costs from the theft of Advisory Client assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: costs related to regulatory intervention or fines (including under the EU General Data Protection Regulation (GDPR) and proposed SEC rules, or similar data protection regulations), litigation costs, costs of responding to regulatory inquiries settlement costs, compliance costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which could be materially adverse to an Advisory Client. Such a failure could harm the reputation of Carlyle Aviation and the applicable Advisory Client's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and performance. The costs related to cyber or other security threats or disruptions or data privacy breaches may not be fully insured or indemnified by other means.

The service providers of Carlyle Aviation and its Advisory Clients are subject to the same electronic information security threats as Carlyle Aviation. 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 any Advisory Client and personally identifiable information of the investors (and beneficial owners thereof) may be lost or improperly accessed, used, or disclosed.

Artificial Intelligence Technologies

Recent technological advances in artificial intelligence and machine learning technologies (collectively, "**AI Technologies**"), including, for example, the OpenAI ChatGPT application, create opportunities for Carlyle, Carlyle Aviation, the Investment Adviser and its Advisory Clients, and investment vehicles and accounts, as well as risks. Carlyle uses and is expected to expand its use of AI Technologies in connection with its business and investment activities. Actual usage of such AI Technologies will vary across its business segments and while Carlyle has adopted and expects to adjust usage policies and procedures governing the use of AI Technologies by its personnel, risks remain included misuse of such AI Technologies.

AI Technologies and their current and potential future applications including in the private investment and financial sectors, as well as the legal and regulatory frameworks within which they operate, continue to rapidly evolve, and it is impossible to predict the full extent of current or future risks related thereto. Regulations related to AI Technologies may also impose certain obligations on organizations, and the costs of monitoring and responding to such regulations, as well as the

consequences of non-compliance, could have an adverse effect on organizations connected to the Investment Adviser and their investments.

Expedited Investment Decisions; Opportunistic Investments

Investment analyses and decisions by an Advisory Client general partner may be required to be undertaken on an expedited basis to take advantage of investment opportunities. While an Advisory Client will generally not seek to make an investment until the Investment Adviser has conducted sufficient due diligence to determine the potential risks of the investment and the underlying portfolio investment, in such cases, the information available to the Investment Adviser at the time of making an investment decision may be limited. Therefore, no assurance can be given that the Investment Adviser will have knowledge of all circumstances that may adversely affect an investment. In addition, the Investment Adviser will, from time to time, involve independent consultants in connection with its evaluation and/or diligence of certain proposed investments. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and the Advisory Client may incur liability as a result of such consultants' actions.

Social Unrest

Recent events concerning discrimination, race relations and inequality have led to protests, demonstrations, marches, and other forms of political and social activism on a local, regional, national, and international level as well as rioting in some instances. Such activism, which has ranged from peaceful to in some instances, violent, has resulted in curfews, the deployment of the national guard and other local and national interference, and could lead to increased political and social volatility and uncertainty, to the extent such activity occurs within close proximity to any Advisory Client's investments. While the overall effect of such activism remains unknown, investors should note that this type of volatility and uncertainty could materially and adversely impact the securities and other assets in which the Advisory Client invests.

EU Alternative Investment Fund Managers Directive

The EU Alternative Investment Fund Managers Directive (the "AIFMD"), as transposed into national law within the member states of the European Economic Area (the "EEA"), regulates and imposes regulatory obligations on alternative investment fund managers ("AIFMs") that market alternative investment funds ("AIFs") to professional investors within the EEA. The AIFMD has been retained and transposed within the national law of the UK pursuant to the Alternative Investment Fund Managers Regulation 2013, as amended, including by the European Union (Withdrawal) Act 2019 and the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018 ("UK AIFM Law"). The UK AIFM Law regulates AIFMs established in the UK that manage or market AIFs, and non-UK AIFMs that market AIFs within the UK. Carlyle Aviation entities that act as non-EEA/non-UK AIFMs are in scope of the AIFMD's requirements and the requirements of the UK AIFM Law to varying degrees.

The AIFMD and the UK AIFM Law could have an adverse effect on the Investment Adviser and any Advisory Client by, among other things, increasing the regulatory burden and costs of doing business in the EEA and the UK. Except in limited circumstances, a non-EEA AIFM marketing

its AIF to prospective EEA and UK investors will be required to satisfy extensive disclosure obligations, including periodic disclosures to EEA regulators and the FCA. The AIFMD and the UK AIFM Law could also limit the Investment Adviser's operating flexibility and the Advisory Clients' investment opportunities.

Under the UK AIFM Law, a non-UK AIFM marketing an AIF in the UK is subject to the minimum requirements of article 42 of the UK AIFM Law. This includes certain initial and on-going disclosure and reporting obligations.

To the extent that the Investment Adviser relies on a non-EEA/non-UK AIFM marketing an AIF under national private placement regimes, certain member states of the EEA apply more stringent measures such as requiring a depositary, while other member states have chosen not to allow non-EEA AIFMs to market AIFs in their territory at all. The AIFMD could adversely impact the Advisory Clients in these circumstances by, among other things: (i) limiting the territories in the EEA in which the Investment Adviser is able to market its funds to investors; (ii) limiting an Advisory Client's investment opportunities and the Investment Adviser's operating flexibility both internally and with respect to investments made by the Advisory Clients; (iii) exposing an Advisory Client and/or its manager to conflicting regulatory requirements in the United States and one or more member states of the EEA or the UK; (iv) constraining an Advisory Client's ability to carry out its investment approach, which may make it more difficult to achieve its investment objectives; and (v) materially increasing the costs of doing business in the EEA and the UK.

On November 10, 2023, the European Commission published a near-final directive amending the AIFMD, commonly referred to as "AIFMD II." It is expected that the final text of AIFMD II will be formally agreed in early 2024. Assuming this is the case, most of the changes will come into effect in 2026, subject to some grandfathering periods for certain requirements. AIFMD II imposes several amendments to the AIFMD, including more onerous delegation requirements, enhanced substance requirements, additional liquidity management provisions for AIFMs to the extent that they manage open-ended AIFs, and revised regulatory reporting and investor disclosures requirements. The directive also imposes significant new requirements relating to the activities of funds that originate loans (which may affect several Advisory Clients), including new restrictions on the structure that such Advisory Clients may take and leverage limits for Advisory Clients with material loan origination activities.

In addition, AIFMD II introduces new conditions for non-EEA AIFMs, such as certain of our U.S. affiliates, to be able to make use of the national private placement regimes of EEA states, including a condition that the jurisdiction of neither of the AIFM and AIF have been identified as non-cooperative third countries for tax purposes nor deemed by the EU not to comply fully with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and thereby to ensure an effective exchange of information in tax matters. This gives rise to a risk that certain of our AIFs may not be able to take advantage of such regimes to raise capital from EEA investors, potentially with little notice.

Data Protection Regulation

Laws and regulations related to privacy, data protection and information security could increase costs, and a failure to comply with applicable laws and regulations could result in fines, sanctions, and/or other penalties. Investments of the Advisory Clients are subject to regulations related to privacy, data protection and information security in jurisdictions in which they conduct business.

As these regulations are implemented, interpreted, and applied, compliance costs may increase for the Advisory Clients and their investments.

Legislators and regulators around the world identify data security and privacy as top priorities. As a result, the Investment Adviser and its Advisory Clients will be subject to an increasing variety of federal, state, local, and international laws, directives, and regulations, as well as contractual obligations, relating to the collection, use, retention, security, disclosure, transfer, and other processing of personal information and other confidential data. The global legal frameworks for privacy, data protection, and data transfers are rapidly evolving and are likely to remain uncertain for the foreseeable future. Certain activities of the Investment Adviser and its Advisory Clients may be subject to the GDPR, U.S. state privacy laws, the Cayman Islands Data Protection Act, the UK General Data Protection Regulation (“**UK GDPR**”), the Personal Information Protection Law (the “**PIPL**”), and other existing and developing laws and regulations.

For example, the SEC has proposed multiple rules and finalized certain rules regarding cybersecurity that would require registered investment advisers, registered funds, and broker-dealers to implement written policies and procedures designed to address cybersecurity risks, report material cybersecurity incidents to the SEC using a proposed form and within a prescribed period and keep enumerated cybersecurity-related books and records. In light of these proposed and final rules and the focus of federal regulators on cybersecurity generally in recent years, Carlyle Aviation expects increasing SEC enforcement activity related to cybersecurity matters, including by the SEC’s Division of Examinations in its examination programs, where cybersecurity has been prioritized with an emphasis on, among other things, proper configuration of network storage devices, information security governance, and policies and procedures related to retail trading information security. Although Carlyle Aviation maintains cybersecurity controls designed to prevent cyber incidents from occurring, no security is impenetrable to cyberattacks. It is possible that current and future cyber enforcement activity will target practices that the Investment Adviser believes are compliant, but the SEC deems otherwise. In addition, many jurisdictions in which Carlyle Aviation operates have other laws and regulations relating to data privacy, cybersecurity, data transfers, data localization and protection of personal information. Carlyle’s use of AI technologies could also subject the Investment Adviser to additional cybersecurity risks as well as regulatory scrutiny. *See also* “Artificial Intelligence Technologies” and “Cybersecurity Breaches, Identity Theft, Privacy Breaches, and Other Threats” *disclosures*.

Any regulatory investigation into compliance with these laws and regulations would be costly and could lead to significant fines, service interruption, loss of licensure, and other harms to Carlyle Aviation as well as affecting an Advisory Client’s ability to achieve its investment objective and/or conduct its operations.

Also in the United States, federal privacy legislation is being considered by Congress and may lead to significant new obligations for the Investment Adviser and its Advisory Clients. In the interim, several state laws are being passed, such as the California Consumer Privacy Act (“**CCPA**”), which took effect in January 2020 and provides for enhanced consumer protections for California residents, a private right of action for certain data breaches that is expected to increase related litigation, and statutory fines for CCPA violations. In addition, the CCPA requires covered companies to provide new disclosures to California residents and provides such residents with new ways to opt-out of certain sales of personal information. California voters also approved

the California Privacy Rights Act (“CPRA”) in November 2020. Effective starting on January 1, 2023, the CPRA made significant modifications to the CCPA, including by expanding rights with respect to certain sensitive personal information and creating a new state agency for enforcing the CCPA. Unless and until a federal privacy law that preempts state laws is enacted, states have and will continue to shape the data privacy environment nationally. Several other U.S. states, including Virginia, Colorado, Connecticut and Utah, enacted privacy laws in 2023 and many other proposals exist in states across the U.S. that could increase potential liability, increase compliance costs, and affect the ability to process personal information integral to the Investment Adviser and its Advisory Clients. Aspects of these state privacy statutes remain unclear, resulting in further legal uncertainty and potentially requiring modifications of data practices and policies and incurring substantial additional compliance costs for the Investment Adviser and its Advisory Clients.

Meanwhile, in Europe, the GDPR establishes requirements applicable to the processing of personal data in the European Economic Area (“EEA”), affords data protection rights to individuals, and imposes penalties for violations of each EEA states’ law implementing the GDPR, including those that result in serious data breaches. The UK’s exit from the EU led to the UK GDPR and further legislative changes that increase the burden of processing and transferring personal data of EEA and UK residents. In addition, the EEA and U.S. governments finalized a framework for trans-Atlantic data transfers that is limited in its application to financial institutions, requiring ongoing data transfer risk assessments and intercompany data transfer agreements. These updates and any future updates to data transfer rules may require the Investment Adviser and its Advisory Clients to expend significant resources to update contractual arrangements and to otherwise comply with such obligations. The Investment Adviser and its Advisory Clients may experience additional costs to comply with these changes, and the Investment Adviser and its Advisory Clients face the potential for regulators in the EEA to apply different standards to the transfer of personal data from the EEA to the United States and other non-EEA countries. There may also be further divergence in data protection laws between the UK and EEA in future, as the UK has proposed amendments to the UK GDPR via the Data Protection and Digital Information (No. 2) Bill. This may create a greater dual regulatory compliance burden on organizations that are subject to both regimes, and a diverging UK regime may result in the EU re-evaluating the adequacy of the UK data protection framework, resulting in additional compliance costs when sending data from the EEA to the UK. The UK and EEA are also considering or have enacted a variety of other laws and regulations such as the Digital Operational Resilience Act (EEA), Data Act (EEA), Online Safety Act (UK), and the Artificial Intelligence Act (EEA) (the latter of which is discussed under “Artificial Intelligence Technologies” herein), all of which could have a material impact on the Investment Adviser’s and its Advisory Clients’ ability to operate. Carlyle Aviation cannot predict how these data protection laws or regulations may develop. *See also “United Kingdom Exit from the European Union” herein.*

China continues to strengthen its protections of personal information and tighten control over cross-border data transfers with the implementation of the Cybersecurity Law (“CSL”), Data Security Law (the “DSL”), the PIPL, and the Espionage Act. These laws may affect the business of the Investment Adviser and its Advisory Clients in the following ways. First, the Investment Adviser and its Advisory Clients may be subject to these laws when conducting business and processing personal information or other data in China. Second, these laws may apply extra-territorially to the processing of personal information and other data originating in China when conducted by the Investment Adviser and its Advisory Clients outside of China. Third, these laws

may impose new regulations on cross-border data transfers and transfers to third-party vendors conducted by the Investment Adviser and its Advisory Clients. The PIPL imposes several conditions that limit certain cross border transfer of personal information of Chinese residents, while the DSL restricts transfer of “important data” outside of China. The scope of “important data” remains unclear but may include certain data collected and/or generated by the Investment Adviser and its Advisory Clients in China, in which case these restrictions could harm the Investment Adviser and its Advisory Clients that rely on the ability to freely transfer data outside China. Finally, the Investment Adviser and its Advisory Clients may be contractually bound by certain compliance obligations that lead to increased costs when dealing with counterparties in China as a result of these laws.

Many other jurisdictions where the Investment Adviser and its Advisory Clients may conduct business have or are considering privacy and data protection laws and regulations that are more restrictive than those in the United States, for example, the Hong Kong Personal Data (Privacy) Ordinance, the Australian Privacy Act, and the Brazilian Bank Secrecy Law. Global laws in this area are rapidly increasing in the scope and depth of their requirements, which are often extra-territorial in nature, and global regulators are seeking to enforce their countries’ laws outside of their borders. In addition, an Advisory Client frequently has added privacy compliance requirements as a result of its contractual obligations with counterparties. These legal and contractual obligations heighten an Advisory Client’s privacy obligations and costs in the ordinary course of conducting our business in the U.S. and internationally.

Complying with various existing, proposed, or yet to be proposed laws, regulations, amendments to or re-interpretations of existing laws and regulations, and contractual or other obligations relating to privacy, data protection, data transfers, data localization, or information security may require the Investment Adviser and its Advisory Clients to make changes to their services to enable them to meet new legal requirements, incur substantial operational costs, modify their data practices and policies, and restrict their business operations. Any actual or perceived failure to comply with these laws, regulations, or other obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, costs for remediation, and other liabilities. The costs of an Advisory Client’s compliance with, and other burdens imposed by, the GDPR, the UK GDPR, CCPA, PIPL, and other applicable data protection laws will be borne (whether directly or indirectly) by investors in the Advisory Client, and may, therefore, affect any returns that would otherwise be available to investors in the Advisory Client.

Any failure to comply with applicable privacy and data protection related obligations may result in significant liability, which could have an adverse effect on investors in an Advisory Client. Under some such privacy and data protection laws, it is an offense not to notify the appropriate regulator of a security breach of personal data, or not to notify the data subjects affected by the breach. Certain violations of data protection laws, including in China and under GDPR, may result in significant penalties. Further, Carlyle Aviation may not be able to accurately anticipate the ways in which regulators and courts will apply or interpret such privacy and data protection laws and if such laws are implemented or applied in a manner inconsistent with Carlyle Aviation’s expectations, it may result in Carlyle Aviation’s business practices changing in a manner that adversely impacts the Advisory Client. Further legislative evolution is expected in the field of privacy and data protection and the costs of monitoring and addressing such changes may increase the compliance burden of the Investment Adviser and its Advisory Clients, and thus adversely

affect such Advisory Client.

UK Exit from the EU

The withdrawal of the UK from the EU has resulted in some divergence between the laws and regulations applicable in the UK and the EU. This divergence is expected to increase over time and will, as such, increase the compliance and regulatory burden of an Advisory Client as the general partner of such Advisory Client will need to consider both systems to ensure compliance.

The UK's withdrawal from the EU has adversely impacted UK firms that conduct or depend on the provision of cross-border services, including UK regulated firms in the financial sector, as they no longer have access to the EU single market.

EU Unshell

On December 22, 2021, the European Commission issued a proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes within the EU (the “**Unshell Proposal**”). While the Unshell Proposal was expected to be adopted and published into EU member states' national laws in 2023, and to come into effect as of January 1, 2024, there is considerable uncertainty surrounding the development of the proposal and its implementation. The proposal could result in additional reporting and disclosure obligations for an Advisory Client (which may require an Advisory Client to share information concerning an Advisory Client's limited partners with applicable taxing or other governmental authorities) and/or additional tax being suffered by an Advisory Client or its limited partners.

Impact of Certain Tax Legislation and Potential Tax Reform

Changes in tax laws or interpretation of such laws, which changes may be significant, may be averse to an Advisory Client and its investors.

Carlyle Aviation's ability to achieve the investment objectives of each Advisory Client depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. The Investment Adviser's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation, and such compensation may be impacted by changes in tax legislation. U.S. federal income tax law currently imposes a three-year holding period requirement for carried interest to be treated as long-term capital gain. This holding period requirement may result in some carried interest being treated as ordinary income, which would increase the amount of taxes that the Investment Adviser's employees and other key personnel could be required to pay. Further, Congress has previously considered legislation that would treat carried interest as ordinary income for U.S. federal income tax purposes. Enactment of this legislation could cause Investment Adviser's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. In addition, other countries could clarify or modify their tax treatment of carried interest. This might make it more difficult for the Investment Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Investment Adviser's ability to achieve the investment objectives of the Advisory Clients. In

addition, this can create a conflict of interest as the tax position of the Investment Adviser may differ from the tax positions of the Advisory Clients and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Advisory Clients, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment.

Absence of Regulatory Oversight

Notwithstanding the Investment Adviser's registration under the Advisers Act and that certain Advisory Clients may be considered similar in some ways to an investment company, such investment vehicles are not required and do not intend to register as such under the 1940 Act and, accordingly, investors are not afforded the protections of the 1940 Act.

Absence of Recourse

Each Advisory Client's governing documents will include exculpation, indemnification and other provisions that will limit the circumstances under which the general partner of an Advisory Client, the Investment Adviser, and others can be held liable to an Advisory Client. Additionally, certain service providers to an Advisory Client and its general partner, the Investment Adviser, their respective affiliates and other persons, including, without limitation, the members of the investment committee of an Advisory Client's general partner (or other similar managing fiduciary) and placement agents and finders, may be entitled to exculpation and indemnification (in certain cases on terms more favorable to them than those available to indemnitees as provided under an Advisory Client's governing documents generally). As a result, the investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

Limited Access to Information

Investors' rights to information regarding certain Advisory Clients will be specified, and strictly limited, in such investment vehicle's subscription, governing or offering documents. The Investment Adviser (or other similar managing fiduciary) of an Advisory Client may also withhold information to preserve legal privilege, including in situations involving privilege to which the Investment Adviser, and not the Advisory Client, may be entitled.

FATCA and CRS

The Foreign Account Tax Compliance Act ("FATCA") requires all entities in a broadly defined class of foreign financial institutions ("FFIs") to comply with a complicated and expansive reporting regime or be subject to a 30% U.S. withholding tax on certain U.S. payments and requires non-U.S. entities which are not FFIs to either certify they have no substantial U.S. beneficial ownership or to report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% U.S. withholding tax on certain U.S. payments. FATCA also contains complex provisions requiring participating FFIs to withhold certain "foreign passthru payments" made to nonparticipating FFIs and to holders that fail to provide the required information. The definition of a "foreign passthru payment" is still reserved under the current U.S. Treasury Regulations; however, the term generally refers to payments that are from non-U.S.

sources but that are “attributable to” certain U.S. payments as described above. Under proposed U.S. Treasury Regulations on which taxpayers may rely, withholding on these payments is not set to apply before the date that is two years after the date of publication of final U.S. Treasury Regulations defining the term “foreign passthru payment.” In general, non-U.S. investment funds, such as any non-U.S. Carlyle-sponsored investment vehicle advised by CIM or underlying entities in which such vehicle invests, may be considered FFIs. The reporting obligations imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS or, if subject to an Intergovernmental Agreement (“IGA”), register with the IRS. IGAs are generally intended to result in the automatic exchange of tax information through reporting by an FFI to the government or tax authorities of the country in which such FFI is domiciled, followed by the automatic exchange of the reported information with the IRS. These reporting requirements may apply to underlying entities in which an Advisory Client invests, and the Advisory Client may not have control over whether such entities comply with the reporting regime. Any amounts withheld pursuant to FATCA that are allocable to an investor may, in accordance with the governing document of such Advisory Client, be deemed to have been distributed to such investor to the extent the taxes reduce the amount otherwise distributable to such investor. Prospective investors in any Carlyle-sponsored investment vehicle should consult their own tax advisors regarding all aspects of FATCA as it affects their circumstances.

In addition, the Organisation for Economic Cooperation and Development (the “OECD”) has developed Common Reporting Standard (“CRS”) rules for the automatic exchange of FATCA-like financial account information amongst OECD member states. Like FATCA, CRS imposes certain due diligence, documentation and reporting requirements on various Carlyle entities. While CRS does not contain a potential withholding requirement, non-compliance could subject Carlyle to certain reputational harm. Moreover, compliance with such regimes could result in increased administrative and compliance costs and could subject certain CIM-sponsored investment entities to increased non-U.S. withholding taxes.

Presentation of Performance

For most Advisory Clients, especially those that are pooled investment vehicles, net performance is calculated on an aggregate basis after taking into account all fees and expenses actually borne by investors in the Advisory Client as a group, but does not take into account any taxes borne or deemed to be borne by investors (such as, taxes resulting from the investors’ domicile or taxes paid or payable by vehicles designed to address certain investors’ tax, regulatory or other similar issues). With respect to any particular investment vehicle, differences in timing of an investor’s commitment to the investment vehicle and the economic and other terms applicable to certain investors therein may increase or decrease the net performance information realized by such investors and, accordingly, the actual net performance information of a particular investor may differ from the net performance information disclosed to such investors.

Certain Advisory Clients may utilize subscription lines of credit to fund investments prior to the receipt of capital contributions from investors. Because the capital contributions from investors are delayed when using a subscription line of credit, the investment period of such investor capital is shortened, which may increase the net internal rate of return of an Advisory Client. However, because interest expense and other costs of borrowings under subscription lines of credit are an

expense of the Advisory Client, the Advisory Client's net multiple of invested capital will be reduced.

Item 09. Disciplinary Information

Except as described below, none of the Investment Adviser and its respective professionals have been the subject of any legal or disciplinary matter of an investment-related nature that would be material to an existing or prospective client's evaluation of the Investment Adviser's advisory business or the integrity of its management.

In 2015, an investment vehicle managed by an affiliate of Carlyle Aviation Group, LLC ("**Carlyle Aviation Group**," f/k/a Apollo Aviation Group, LLC) leased three aircraft engines to an entity incorporated in the United Arab Emirates, which then subleased the engines to a Ukrainian airline, which then installed the engines on an aircraft leased to Sudan Airways. At the time, Sudan Air was a person identified on the Treasury's Office of Foreign Assets Control ("**OFAC**") List of Specially Designated Nationals and Blocked Persons as a "Government of Sudan" entity. In September 2015, Carlyle Aviation Group sent an initial voluntary self-disclosure to OFAC and BIS regarding the potential violations. In January 2016, BIS determined not to take any action against Carlyle Aviation Group or its affiliates. In August 2019, OFAC determined that Carlyle Aviation Group appeared to have violated OFAC sanctions on exporting, directly or indirectly, goods, services, or technology to Sudan and on dealing in property in which the Government of Sudan had an interest. The settlement provided for a monetary fine of \$210,600 and certain compliance undertakings.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer Registration Status

The Investment Adviser is not registered as a broker-dealer and does not have any application pending to register as a broker-dealer or registered representative of a broker-dealer. The Chief Compliance Officer of the Investment Adviser is a registered representative and supervisory principal of TCG Capital Markets L.L.C., which is discussed in further detail below.

Effective January 3, 2022, Carlyle's two affiliated broker-dealer entities, TCG Securities, L.L.C. ("**TCG Securities**") and TCG Capital Markets L.L.C. ("**TCG Capital Markets**"), restructured and now operate as TCG Capital Markets.

An affiliate of the Investment Adviser, TCG Capital Markets is registered as a broker-dealer with the SEC and in 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands, and is a member of the Financial Industry Regulatory Authority. Additionally, TCG Capital Markets operates under an international dealer exemption in the Canadian provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec, and Saskatchewan.

TCG Capital Markets conducts U.S.-based marketing and fundraising activities for Carlyle Aviation, Carlyle's Global Private Equity, Global Credit, and Global Investment Solutions business lines, and houses the anti-money laundering compliance function. TCG Capital Markets also operates as part of the Global Capital Markets ("**GCM**") platform, and engages in the underwriting, syndication and placement of securities of corporate issuers in private transactions, underwriting, syndication of corporate issuers in public offerings (including IPOs) and/or participating in the underwriting syndicate for public offerings, underwriting or sponsoring mutual funds in a wholesaler capacity, among other related activities, including U.S.-based marketing and fundraising for Global Credit advisory clients. The GCM platform also includes TCG Senior Funding, L.L.C., an affiliate of TCG Capital Markets, which has been established to arrange, place, underwrite, originate, and syndicate loans, and may act as the initial purchaser of such loans.

Certain registered representatives of TCG Capital Markets are also expected to be providing investment advisory services to Carlyle's clients and to advisory clients of Carlyle-affiliated investment advisers. These individuals are subject to the policies and procedures of TCG Capital Markets when engaging in securities-related transactional activities in addition to the Investment Adviser's (or the relevant Carlyle-affiliated investment advisers') policies and procedures.

The Investment Adviser does not use TCG Capital Markets to execute trades on behalf of clients and TCG Capital Markets does not hold funds or securities for, or owe money or securities to, clients of the Investment Adviser. TCG Capital Markets may act, from time to time, as a placement agent with respect to advisory services offered by the Investment Manager. In addition, TCG Senior Funding has, and expects in the future, to arrange, place, originate and syndicate loans, and/or act as an initial purchaser of such loans in connection with Advisory Client transactions.

In addition to TCG Capital Markets, there are other U.S. and non-U.S. broker-dealer affiliates of Carlyle whose activities are unrelated to the activities of the Investment Adviser. For information regarding Carlyle, please see Part 1 and Part 2 of Form ADV of the various Carlyle-affiliated

investment advisers, available at: <https://www.adviserinfo.sec.gov/>.

Material Relationships or Arrangements with Industry Participants

The Carlyle Group Inc.

As discussed in Item 4, the Investment Adviser is affiliated with Carlyle. The Investment Adviser carries out its investment process independent of Carlyle and other Carlyle-affiliated investment advisers.

Carlyle is a global alternative asset management firm with business operations across several business segments. Although the Investment Adviser is a separately registered investment adviser and carries out its investment operations independently of Carlyle, the Investment Adviser's status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed below.

Further, the Investment Adviser shares or leverage certain operational functions and resources at Carlyle, such as corporate accounting, information technology, and compliance. Because Carlyle has many different asset management and advisory businesses and operates on a global basis, the Investment Adviser may be subject to greater regulatory oversight than it would be absent its relationship with Carlyle. From time to time, the Investment Adviser and its Advisory Clients could be subject to certain legal and other restrictions on their investment activities as a consequence of the Carlyle relationship including, for example, limitations imposed by non-U.S. regulatory authorities, or restrictions on the purchase or sale of, or exercise of voting or other rights with respect to, the debt instruments of an issuer when a Carlyle advisory client holds the equity of the issuer and the issuer is an affiliate of Carlyle.

Carlyle and its directors, members, managers, partners, shareholders, officers, employees, agents, and affiliates (including the Investment Adviser and its officers, employees, agents, and affiliates) are permitted to conduct any other business, including any business within the securities industry, whether or not such business competes with the Investment Adviser. Without limiting the generality of the foregoing, Carlyle and its affiliated companies and persons act and will continue to act as general partner, investment adviser or investment manager for others, manage funds, separate accounts, or capital for others, have, make and maintain investments in their own name or through other entities and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms or advisory firms.

For the purposes of this Brochure, references to the "Investment Adviser" do not include references to Carlyle. For additional information regarding Carlyle-affiliated investment advisers, such as Carlyle Investment Management L.L.C., Carlyle Global Credit Investment Management L.L.C. and CELF Advisors LLP, including persons related to such advisers that may act as investment advisers or sub-advisers or commodity pool operators, please see Part 2 of Form ADV of such particular investment adviser, available at: <https://www.adviserinfo.sec.gov/>.

Material Conflicts of Interest Relating to Other Investment Advisers

For additional information regarding affiliated investment advisers, including persons related to

such advisers that may act as investment advisers or sub-advisers or commodity pool operators, see Form ADV of such particular investment adviser, available at: <https://www.adviserinfo.sec.gov/>.

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

Code of Conduct

The Investment Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty, and trust. In seeking to meet these standards, the Investment Adviser has adopted and implemented a Code of Conduct (the “**Code**”) that sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. Among other things, the Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of Advisory Clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of Advisory Clients, including an Advisory Client’s investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

As noted above, the Investment Adviser is also subject to written policies and procedures to account for the pay-to-play regulations promulgated by the SEC, and to comply with the New York Attorney General’s Public Pension Fund Reform Code of Conduct, which governs the Investment Adviser’s interactions with U.S. public pension funds. Investors may request a copy of this Code of Conduct by contacting the Investment Adviser at the address or telephone number listed on the first page of this document.

Carlyle Aviation may take disciplinary measures against any of its personnel who violate the Code, including, without limitation, imposing penalties, reducing compensation, demotion, requiring unwinding of any applicable trade, requiring disgorgement of trading gains, suspending, or terminating employment, or any combination of the foregoing. Carlyle Aviation personnel are also required to promptly report any violation of the Code of which they become aware.

Securities in which the Investment Adviser or a Related Person Has a Material Financial Interest

Cross Transactions

In certain situations, the Investment Adviser reserves the right to determine whether it would be in the best interests of certain Advisory Clients to transfer an investment from one client to another (each such transfer, a “**Cross Trade**”) for a variety of reasons, including, without limitation, to match natural sellers and buyers of aviation assets and reduce transaction costs that may arise in

an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine if the trade is in the best interests of each Advisory Client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Advisory Clients. Further, no Cross Trade may be transacted without the express written approval of Carlyle Aviation's Chief Legal Officer.

Principal Transactions

To the extent that Cross Trades are viewed as principal transactions due to the ownership interest in an Advisory Client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such an Advisory Client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or an affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations. Further, no principal transactions may be effected without the express written approval of Carlyle Aviation's Chief Legal Officer.

Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees preclear certain types of personal securities transactions, such as investments in private placements and initial public offerings. Employees are also required to pre-clear any investments in aviation-related securities and, in general, requests to trade in aviation-related securities will only be considered if the request is to dispose of aviation-related securities positions that were established prior to being employed by the Investment Adviser.

The Investment Adviser, its affiliates, and its employees are permitted to give advice or act for their own accounts and other Advisory Clients that differ from, conflicts with, or be averse to advice given or action taken for Advisory Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Advisory Clients.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as an Advisory Client trades.

Conflicts of Interest Created by Contemporaneous Trading

It is the policy of the Investment Adviser to allocate investment opportunities among all Advisory Clients in a fair and equitable manner, to the extent practical and in accordance with each Advisory Client's applicable investment strategies.

Other Potential Conflicts

From time to time, the Investment Adviser and its affiliated persons are expected to come into possession of material non-public or other confidential information with respect to an issuer of publicly traded securities. In such circumstances, the Investment Adviser (as applicable) generally would be prohibited, by law, policy and/or contract, for a period of time from (i) unwinding an Advisory Client position in securities of such issuer, (ii) establishing an initial Advisory Client position or taking any greater Advisory Client position through a secondary market PDP loan transaction and/or (iii) pursuing other investment opportunities related to such issuer that involve the trading of securities on the secondary market.

Intangible Benefits

The Investment Adviser and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Advisory Clients that will not be subject to the management fee offset or otherwise shared with Advisory Clients or investors. For example, airline travel or hotel stays incurred as fund or account expenses typically result in cash rebates, “miles,” “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether de minimis or difficult to value or not, inure exclusively to such personnel (and not the Advisory Clients and/or investors) even though the cost of the underlying service is borne by the Advisory Clients and/or investors.

Item 12. Brokerage Practices

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Although the Investment Adviser does not intend to regularly engage in public securities transactions, to the extent it does, it intends to follow the brokerage practices described below.

In the event the Investment Adviser trades publicly traded securities on behalf of an Advisory Client, it is responsible for selecting broker-dealers to effect such transactions. In such an event, the Investment Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute Advisory Client transactions, the Investment Adviser reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information. The Investment Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular Advisory Client transaction or to select any broker on the basis of its purported or “posted” commission rate but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting Advisory Client transactions to the extent consistent with the interests of such Advisory Clients. Although the Investment Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services. Consistent with the Investment Adviser seeking to obtain best execution, brokerage commissions on Advisory Client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Investment Adviser generally does not make use of such services at the current time and has not made use of such services since its inception. The Investment Adviser does not expect to benefit from or use soft dollar arrangements. The sale of securities from Advisory Client accounts may be aggregated and allocated to the participating Advisory Clients to allow for an equitable disposition of such securities.

The Investment Adviser maintains an internal trade error policy that will apply in the absence of any specific regulatory or contractual provisions (*e.g.*, for an account that constitutes “plan assets” under ERISA). Among other things, this policy requires that the Investment Adviser personnel correct errors as soon after discovery as reasonably practical, report errors to Carlyle Aviation’s Chief Compliance Officer, and reverse losses suffered as a result of the Investment Adviser’s gross negligence or willful misconduct.

Item 13. Review of Accounts

The Investment Adviser actively monitors and manages the assets and performance of its Advisory Clients and evaluates potential dispositions and other means of adding value for investors with respect to the invested assets. Reviews are incorporated into periodic reports to an Advisory Client's investors and such reports will typically contain financial information and summaries, performance, current investments, recent acquisitions and disposition activity.

Advisory Clients generally expect to provide the following information to their investors: (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) quarterly reports reviewing the Advisory Clients' unaudited performance for each calendar quarter. While all investors generally receive similar information, to the extent an investor receives additional information that other investors have not received, in addition to information provided in the Advisory Clients' regular reports to investors, such information is generally expected to provide such investor with greater insight into the Advisory Clients' activities.

Item 14. Client Referrals and Other Compensation

As described in Item 10 above, TCG Capital Markets may serve as a placement agent with respect to advisory services offered by the Investment Adviser. Neither the Investment Adviser nor its Advisory Clients pay TCG Capital Markets for such services.

Morgan Stanley MUFG Securities Co., Ltd. is a third-party distributor compensated by Carlyle Aviation to assist with introducing Japanese institutional investors; the Investment Adviser reserves the right to utilize other placement agents from time to time.

Item 15. Custody

The Investment Adviser uses unaffiliated, qualified, third-party custodians to hold the assets of its Advisory Clients for which it has custody in a manner that it believes complies with SEC standards and guidance. For example, these qualified custodians maintain the client assets in a manner that segregates them from assets of other clients of the custodian.

The Investment Adviser is deemed to have custody of the underlying assets of many of its Advisory Clients. In addition to holding client assets with an unaffiliated, qualified, third party custodian, these client assets (where the Investment Adviser is deemed to have custody) are generally also subject to a year-end audit by a major accounting firm that is a member of, and examined by, the PCAOB, and the audited financial statements are then provided to the underlying investors of these Advisory Clients within 120 days of the end of the fiscal year. For client assets that are pooled investment vehicles (and subject to such financial audits and reporting delivery qualifications), the Investment Adviser relies on an exception from the notification, account statement delivery obligations, and is deemed compliant with the surprise audit obligations imposed by the SEC's custody rule.

Item 16. Investment Discretion

The Investment Adviser provides investment advice to its Advisory Clients on a discretionary basis, either directly or indirectly through sub-advisory arrangements. The Investment Adviser assumes discretionary investment authority for each Advisory Client. Generally, this discretion is subject only to the investment guidelines set forth in the governing agreements of an Advisory Client. Such governing agreements generally expressly provide that the applicable general partner (or similar managing fiduciary) has the authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments.

As a general policy, the Investment Adviser does not allow investors to place limitations on this authority. Pursuant to the terms of the applicable partnership agreement and as previously described, however, the Investment Adviser may enter into side letters with certain limited partners whereby the terms applicable to such limited partner's investment in the Advisory Clients may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Item 17. Voting Client Securities

It is not expected that the Advisory Clients will hold equity securities, thus we do not expect to participate in proxy votes. In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents, or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Advisory Client’s best interests and is in line with each Advisory Client’s investment objectives.

Conflicts of interest could arise between the interests of the Advisory Clients, on the one hand, and the Investment Adviser or its affiliates, on the other hand. If the Investment Adviser determines that we have, or could be perceived to have, a conflict of interest when voting Proxies, the Investment Adviser will vote in accordance with its proxy voting policies and procedures. Investors in the Advisory Clients are passive investors and have minimal ability to influence voting decisions. Investors may obtain a copy of our proxy voting policies and our voting record upon request.

Item 18. Financial Information

Currently, the Investment Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to Advisory Clients and has not been the subject of any bankruptcy petitions, including in the past 10 years.

Additional financial information is also available in current public filings with the SEC for the Public Company (see ir.carlyle.com).

Item 19. Requirements for State Registered Advisers

This item is not applicable as the Investment Adviser is not registered in any state.