

FORM ADV PART 2A:

FIRM BROCHURE



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**This Investment Adviser Brochure ("Brochure") provides information about the qualifications and business practices of Grant Avenue Capital LLC (the "Firm" or "Adviser"). If you have any questions about the contents of this Brochure, please contact us at (212) 294-8930 or by email at [brian.andruskiewicz@grantave.com](mailto:brian.andruskiewicz@grantave.com). 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 authority.**

The Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Adviser is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2. MATERIAL CHANGES**

The Adviser filed its most recent Form ADV Part 2 on October 30, 2023. This annual amendment updates the description of the business practices and advisory services of the Adviser and its affiliates, including with respect to new clients, as well as updates to various investment-related risk factors, conflicts of interest and other similar disclosures.

We encourage all recipients to read this Brochure carefully in its entirety.

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#### ITEM 4. ADVISORY BUSINESS

- A. Grant Avenue Capital LLC (the “**Firm**” or “**Adviser**”), a Delaware limited liability company and a registered investment adviser, and its affiliates, provides investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Adviser, which is located in New York, NY, commenced operations in May 2018. The Firm is controlled, through intermediate entities, by William Gumina who owns a substantial majority of the Firm.
- B. The Adviser’s clients include the following (each, a “**Fund**,” and collectively, together with any future private investment fund to which the Adviser and/or its affiliates provide investment advisory services, the “**Funds**”):
- Grant Avenue Capital Fund II, LP and Grant Avenue Capital Fund II-A, LP (collectively, “**Fund II**”)
  - GAC - Buckeye, LLC (“**Buckeye**”)
  - GAC - Fortis, LLC (“**Fortis**”)
  - GAC - Helios, LLC (“**Helios**”)
  - GAC - Lincoln, LLC (“**Lincoln**,” and collectively with Buckeye, Fortis and Helios, the “**Pre-Fund Vehicles**”)

The following general partner entities are affiliated with the Adviser:

- Grant Avenue Capital Fund II UGP, LLC

(each, a “**General Partner**,” and collectively, together with any future affiliated general partner entities, the “**General Partners**,” and together with the Adviser and their affiliated entities “**Grant Avenue**”).

Each General Partner is subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser.

Grant Avenue pursues control buyout investments in lower middle market healthcare companies. The Firm primarily focuses on highly fragmented categories within healthcare services, such as providers and outsource services, pharmaceutical and pharmaceutical services, medical technology and healthcare information technology, that are recession resilient and have a demonstratable customer value proposition with no new product launch or FDA approval risk.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” Grant Avenue’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted subject to limitations set forth in the respective Governing Documents (as defined below). Where such investments consist of portfolio companies, the senior principals or other personnel of the Adviser or its affiliates generally serve

on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Grant Avenue's advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a "**Memorandum**"), management services agreements, limited partnership or other operating agreements of the Funds (each, a "**Partnership Agreement**" and, together with any relevant Memorandum, the "**Governing Documents**") and are further described below under Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss). Investors in the Funds (generally referred to herein as "**investors**" or "**limited partners**") participate in the overall investment program for the applicable Fund, but in certain circumstances may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Grant Avenue and any investor. The Funds or the General Partners have entered into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, as permitted by the Governing Documents, Grant Avenue expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, portfolio company management or personnel, Adviser personnel and/or certain other persons associated with the Adviser and/or its affiliates (e.g., a vehicle formed by the Adviser's principals (the "**Principals**") to co-invest alongside a particular Fund's transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in Grant Avenue's sole discretion, Grant Avenue reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

- C. Grant Avenue does not tailor advisory services to the individual or particular needs of investors. Such investors accept the terms of advisory services as set forth in the Governing Documents. The Adviser has broad investment authority with respect to the Funds and, as such, investors should consider whether the investment objectives of the Fund are in line with their individual investment objectives and risk tolerance prior to investment.
- D. The Adviser does not participate in wrap fee programs.

- E. As of December 31, 2023, Grant Avenue managed \$490,522,778 in client assets on a discretionary basis.

## ITEM 5. FEES AND COMPENSATION

- A. In general, the Adviser receives a management fee and a carried interest in connection with the provision of advisory services to its clients. The Adviser or other Grant Avenue entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to Grant Avenue to the extent provided by the Governing Documents. In addition, in certain circumstances, Grant Avenue receives compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses.

### Management Fees

Fund II will pay Grant Avenue, quarterly in advance, a management fee (the “**Management Fee**”) equal to 2.0% annually of aggregate non-affiliated investor capital commitments (“**Commitments**”) during the investment period and/or until the occurrence of certain other events as described in the applicable Governing Documents. After the investment period and/or the occurrence of certain other events as described in the applicable Governing Documents, the Management Fee will be reduced and will equal 2.0% of (a) the aggregate amount of investment contributions made (or payable to Fund II pursuant to any outstanding capital call notice or capital call notice that the General Partner intends to issue to repay Fund indebtedness) by non-affiliated limited partners of Fund II with respect to investments of Fund II that have not been disposed of or completely written off for U.S. federal income tax purposes. The Management Fee will be payable until proceeds from all portfolio investments are distributed or until the General Partner’s relationship with Fund II is terminated for other reasons (as described in the Governing Documents). Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on a pro rata basis according to the actual number of days in such period. Management Fees will be payable during term extensions unless otherwise agreed with investors. The Adviser may, at its discretion, waive or reduce such fees for certain limited partners.

As is generally the case in private equity funds, the Governing Documents provide that Fund II’s Management Fees will be calculated and charged on a basis that generally is not tied to Fund II’s then-current net asset value. As further specified in the Governing Documents, from the effective date of Fund II until a date specified in the Governing Documents (generally representing the earlier of the end of Fund II’s defined investment period and the date the relevant General Partner (or an affiliate thereof) first begins receiving or accruing management fees from another Fund meeting certain criteria) (the “**Stepdown Date**”), Management Fees generally will be charged based on a formula tied to the amount of Fund II’s aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made with respect to Fund II investments that have not been realized or completely written off for U.S. federal income tax purposes.

Under the Governing Documents of Fund II, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions with respect to Fund II. However, where there has been a partial distribution, partial write down or partial sale of

an investment, the Governing Documents do not require Management Fees after the Stepdown Date to be reduced with respect to Fund II.

As a result, the amount of Management Fees generally will not correspond with fluctuations in Fund II's net asset value, including following the investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of investments completely written off for U.S. federal income tax purposes. Except where the Governing Documents expressly provide to the contrary, Management Fees with respect to Fund II will not be reduced (in whole or in part) in the case of partial distributions (e.g., those resulting from a dividend recapitalization) or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, in each case in circumstances that do not result in the complete disposition of Fund II's interest therein, and even in cases where the value of Fund II's investment or Fund II's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

In many circumstances, the fair value component of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs or write-offs that occur partway through the relevant calculation period.

The Governing Documents of Fund II set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

To the extent specified in a Fund's Governing Documents, Grant Avenue will be permitted to receive certain supplemental fees and other amounts ("**Supplemental Fees**"), including initial acquisition advisory fees, monitoring fees, management fees, exit fees, directors' fees and other similar fees (whether in the form of cash, securities or otherwise) related to a Fund's ownership in a portfolio company. Subject to the relevant Governing Documents, Supplemental Fees with respect to a Fund will not include any amount necessary to reimburse Grant Avenue persons for all unreimbursed costs and expenses (other than ordinary overhead and administrative expenses) incurred by them in connection with any consummated or unconsummated transactions or in connection with generating any such fees. Supplemental Fees may be substantial, may not be negotiated on an arm's length basis, and are typically paid in cash by the portfolio company. Unless otherwise specified in a Fund's Governing Documents, Supplemental Fees received by Grant Avenue and attributable to the Fund's investment in a portfolio company will be credited against Management Fees otherwise owed to Grant Avenue in a specified percentage (e.g., 80%). The remaining amount of such Supplemental Fees will be retained by Grant Avenue. To the extent that such an offset credit would reduce the Management Fee for the relevant period below zero, the credit will be carried forward for application against Management Fees payable in future periods and if a credit remains upon liquidation, a payment will be made by crediting limited partners (based upon the amount such limited partner would receive if such amounts were distributed at such time pursuant to the applicable Fund's distribution waterfall as set forth in the respective Partnership Agreement) unless a limited partner has elected to waive such amount (e.g. where an adverse tax consequence potentially will result).



As a matter of practice, Grant Avenue is typically paid Supplemental Fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment, as well as other fees relating to the structuring and administration of co-investment arrangements. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion on a fully diluted basis of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments; (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by Grant Avenue, service providers, third parties, current or former portfolio company management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or others); or (iii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management, which have the potential to be significant. Supplemental Fee offsets generally are performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such fees or the provision of related services, and to the extent Supplemental Fees are paid in kind (including through securities, option grants or other interests), Grant Avenue is permitted to calculate the amount of offset based on the then-current value of the in-kind payment, rather than the ultimate value of the interests as of a future date. Unless otherwise agreed with investors, Supplemental Fees generally will be payable without further offset during term extensions, even if Management Fees are reduced or eliminated during the extended term, thus reducing the amount of Management Fees actually offset. Supplemental Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Supplemental Fees paid prior to the Fund's acquisition, or following the Fund's disposition, of the relevant investment. Similarly, to the extent a former Grant Avenue employee becomes a consultant to, or employed by, a portfolio company, no compensation earned by such former employee will offset the Management Fee, whether or not such former employee has a remaining interest in the relevant Fund's General Partner or affiliated entity. Conversely, in the event that Grant Avenue employs a person that previously received compensation from a portfolio company, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with Grant Avenue, and not with respect to any compensation paid prior to such date, including equity grants made prior to the date of employment that vest thereafter. In certain circumstances, Grant Avenue expects that co-investors, lenders, consultants or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. Additionally, as further described below and in the Governing Documents, it is Grant Avenue's practice to use or retain certain operating partners (referred to herein as "**operations group members**") to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such operations group members generally receive compensation and other amounts described herein from the relevant portfolio companies or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee. For the avoidance of doubt, Grant Avenue also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

Certain Governing Documents permit Grant Avenue to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in

the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The limited partners of the Fund would, in such circumstances, be required to make a pro rata contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by Grant Avenue and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in the relevant Fund, resulting in a net additional benefit to Grant Avenue.

With respect to the Pre-Fund Vehicles, the Adviser receives a portfolio management fee, calculated in accordance with the Pre-Fund Vehicles' Governing Documents. Please refer to the Pre-Fund Vehicles' respective Governing Documents for descriptions of the Management Fees, Supplemental Fees and other fees charged thereto, as well as related offsets, step downs and other fee reductions.

A potential conflict of interest could arise as a result of any fees or expenses received by Grant Avenue or its affiliates from portfolio companies.

### **Carried Interest**

The General Partner will receive a carried interest with respect to Fund II equal to 20% of all realized profits subject to an 8% annually compounded preferred return, as more fully described in the Governing Documents. The carried interest distributed to the General Partner is subject to a potential clawback or giveback at the end of the life of Fund II if the General Partner has received excess cumulative distributions and at certain interim intervals as provided in the Governing Documents.

With respect to the Pre-Fund Vehicles, please refer to their respective Governing Documents for descriptions of their carried interest arrangements.

It is expected that any future Funds will have a similar compensation structure.

### **Other Information**

The General Partner is permitted to exempt certain "affiliated partner" investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including the Adviser and any other person designated by the Adviser, such as "friends and family" of the Adviser or its personnel, or other investors meeting certain qualification requirements based on Commitment size or other strategic or relationship factors. The General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an Adviser professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt

from payment of the Management Fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the Governing Documents, the General Partner has the right to permit investors, affiliated with the General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest. In general, the Management Fee offsets described above apply only with respect to the Commitments of fee-paying investors. The General Partner retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former personnel of Grant Avenue generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, management fee waiver, carried interest or other compensation received by the Adviser or its affiliates.

- B. Grant Avenue deducts the Management Fee from Fund II's accounts quarterly in advance, as further disclosed in the respective Governing Documents. The Management Fee is first paid from Fund II's operating cash flow and next from proceeds of a realization and any other cash funds available to Fund II.
- C. In addition to the Management Fee and carried interest payable to Grant Avenue (as described above), each Fund bears certain expenses. As set forth more fully in the Governing Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce Management Fees.

#### **Organizational Expenses**

The Funds will bear or reimburse the Adviser for all organizational expenses, as further described in the Governing Documents. As described in the Governing Documents, such organizational expenses may be subject to limitations. Any excess organizational expenses, as well as placement agent fees, incurred by a Fund shall reduce the Management Fee otherwise payable to Grant Avenue.

#### **Operating Expenses**

In addition to Management Fees and organizational expenses, a Fund will typically pay (or reimburse the Adviser or an affiliate thereof) for all other fees, costs, expenses, liabilities and obligations (referred to collectively in this section as "**costs**") relating or attributable to the Fund's and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all costs attributable to:

- activities with respect to the origination, identification and sourcing of investment opportunities for the Fund, including attending and sponsoring industry conferences and events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing and maintaining an investment pipeline;
- activities with respect to the pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding-up, liquidating, dissolving or otherwise disposing of, as applicable, the Fund's portfolio companies and the Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful;
- indebtedness of, or guarantees made by, the Fund, the Fund's management company, the General Partner or any "affiliated partner" on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee;
- financing, commitment, origination and similar activities;
- broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder (including with respect to the retention of potential operations group members and other portfolio company executives) and similar services;
- brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office (including any costs associated with the General Partner and its general partner) and similar services (including any depository appointed pursuant to the AIFMD or any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction), and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act and Financial Services Act 2018 ((as amended)), including any law, rule or regulation relating to the implementation thereof);
- reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulation, rules and/or associated guidance, and any related requirements;
- legal, accounting, research, auditing, technology, administration (including costs associated with compliance with any anti-money laundering laws and regulations and any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations,

fairness opinions, appraisals or pricing services as well as costs related to the establishment or maintenance of such other services), consulting (including consulting and retainer fees, salary and other compensation paid to and benefits or personnel costs provided to or on behalf of the operations group members, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services; including costs related to the establishment or maintenance of any such activities or services;

- reverse breakup, termination and other similar arrangements;
- insurance (including directors and officers liability, fidelity bond, portfolio company management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory costs, including costs related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance;
- filing, title, transfer, survey, registration and other similar activities;
- printing, communications, mailing, courier, marketing and publicity;
- the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports) or other information, including costs of any third-party service providers and professionals related to the foregoing;
- compliance with any tax or financial account reporting regime including the Foreign Account Tax Compliance Act or “FATCA,” the OECD Standard for Automatic Exchange of Financial Account Information - Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing;
- developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, customer relationship management, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services);
- any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with the General Data Protection Regulation (EU 2016/679 (as amended) (or other data protection laws implemented in other jurisdictions) or the Freedom of Information Act, 5 U.S.C. § 552));
- to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Fund’s advisory committee (including any out-of-pocket costs incurred by representatives of the General Partner, the Fund’s advisory committee members, permitted observers and other persons in attending or otherwise participating in meetings of the Fund’s advisory committee);

- indemnification (including legal and any other costs incurred in connection with indemnifying any partner or other person pursuant to the Partnership Agreement and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement;
- actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith;
- any annual, periodic or special meeting of the partners, and any other conference, meeting or webcast or other video conference with any limited partner(s), and any periodic executive forum of portfolio company management and other persons in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers, and other meeting or conference-related costs, in each case, to the extent incurred by the Fund, the General Partner or any other affiliate of the General Partner;
- any cost relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with the Fund, any costs incurred in connection with the formation, management, operation, termination, winding-up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs related to any structuring or restructuring of the Fund and/or its affiliated entities;
- the termination, liquidation, winding-up or dissolution of the Fund and any persons owned directly or indirectly by the Fund, including portfolio companies and related entities;
- defaults by partners in the payment of any capital contributions;
- amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner and related entities, any entities owned directly or indirectly by the Fund (including portfolio companies) and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof;
- compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partner or any of its affiliates incurred in connection with the operation of the Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the General Partner and/or any of their respective affiliates and/or the validation or other confirmation of any payments made to the Fund or the General Partner (including as a result of any anti-money laundering laws, rules or regulations);

- any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement;
- any consultants, experts or advisors engaged, including independent appraisers, engaged in connection with the Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more investment vehicles (other than the Fund) managed or controlled by the General Partner or any of its affiliates;
- unreimbursed costs incurred in connection with any transfer or proposed transfer by a limited partner or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian;
- any taxes, fees and other governmental charges levied against the Fund and/or any alternative investment vehicle and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund and/or any alternative investment vehicle (except to the extent that the Fund is reimbursed therefor by a partner) and any costs of or related to the "partnership representative" of the Fund;
- distributions to the partners and other costs associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses;
- unreimbursed and unpaid costs of the operations group members, employees or other persons engaged by the operations group;
- compliance or regulatory matters, except as otherwise set forth in the Partnership Agreement, including compliance with the Partnership Agreement and/or any side letter or similar agreement (including any amendments, restatements, supplements, waivers, consents or approvals pursuant thereto);
- amendments to, and waivers, consents or approvals pursuant to, side letters and similar agreements with limited partners;
- attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner, the Fund's management company or any of their respective affiliates at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs;
- any travel (including, where appropriate as determined by the General Partner, the cost of using or chartering private aircraft or other private air travel at a cost not to exceed the cost of corresponding first-class commercial airfare, other air travel, car or ride sharing services, rail, other modes of transportation, meals, lodging and entertainment) and other meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities;
- any of the items listed above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (including co-investors' proportionate share of any expenses related to an investment or other opportunity not consummated);
- placement fees;

- any other costs approved by the Fund’s advisory committee.

As a general matter, broken deal expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of the Adviser and/or its affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. The General Partner reserves the right to agree with operating partners, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant Fund in that it does not involve an initial cash outlay for the payment of expenses, and could be further favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment, any such profits, participation or equity interest generally would have a dilutive impact on the Fund’s investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation, which in either case could be substantial. Excluded from Fund expenses are ordinary administrative and overhead expenses of the General Partner incurred in connection with managing, originating and monitoring investments, including employees’ salaries, rent, utilities and other similar expenses specified in the Governing Documents. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund’s strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance (“ESG”) and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in Item 12 (Brokerage Practices).

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including, without limitation, legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services, the benefit of which are received by other Funds and/or co-investors over time),



and be reimbursed by the other Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for the costs of establishing, negotiating or maintaining the facility as a whole. While the Adviser believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, the Adviser, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds, without interest, to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Adviser's related policies and practices and the Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed definitive documentation to invest in such transaction, such co-investor is expected to bear its pro rata share of such broken deal expenses. The Advisers' practice of allocating broken deal expenses among investing Funds is discussed under "Conflicts of Interest," below. To the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole.

The Adviser and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliates on the other hand.

### **Operations Group**

Additionally, as further described herein and in the Governing Documents, it is Grant Avenue's practice to employ, use or retain certain individuals (including entities formed for the benefit of such individuals and/or to facilitate the provision of their services) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest (referred to herein as "**operations group members**"). Such operations group members generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Operations group members receive compensation, including, but not limited to, salary, retainers, guaranteed payments, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, exit fees, finders fees, profits, participation or equity interests in a portfolio company or holding

company, incentive equity or other stock awards, profits or equity interests in a Fund or the relevant General Partner, remuneration from the Adviser and/or the Fund or their affiliates, or other compensation, as well as reimbursement of overhead and other out-of-pocket expenses (e.g. health insurance, office space, business cards), the amounts of which typically are determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such operations group members, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such portfolio company. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund or portfolio company typically will bear the costs of all operations group members compensation, as well as fees, costs and expenses of structuring operations group member arrangements. Operations group members also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. The use of operations group members subjects the General Partners to potential conflicts of interest, as discussed under "Conflicts of Interest," below.

- D. As described above, Fund II is expected to pay Management Fees, in advance, on a quarterly basis, as further described in the Governing Documents. To the extent required in Fund II's Governing Documents, in the unlikely event that Grant Avenue does not provide services for a full period, or if accounts are terminated according to the terms set forth in the Governing Documents, before the end of the relevant quarter, a pro rated Management Fee will be returned to the appropriate Fund.

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

As described under Item 5 (Fees and Compensation) of this Brochure, the relevant General Partner, which is affiliated with the Adviser, generally receives a carried interest allocation on certain realized profits in the relevant Fund. To the extent that the Adviser has Funds with varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or Adviser personnel are assigned varying percentages of carried interest from the Funds, the Adviser and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

## ITEM 7. TYPES OF CLIENTS

The Adviser provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to the Adviser’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in the Funds generally include individuals and entities that meet the criteria of “qualified purchasers”.

The relevant General Partner is permitted to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Documents of the related Fund.

Prospective investors should refer to the Governing Documents of the applicable Fund for complete information on the minimum investment requirements for participation in such Fund. Grant Avenue generally requires a minimum capital commitment for each of its Funds, however, the Adviser maintains discretion to individually waive, increase or reduce the minimum investment required.

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

- A. Grant Avenue pursues control buyout investments in lower middle market healthcare companies, primarily across high growth, fragmented categories within healthcare services, pharmaceutical and pharmaceutical services, medical technology and healthcare information technology. Grant Avenue believes there is a significant opportunity in the lower middle market to source attractive investments at compelling valuations and drive operational growth through its established value creation approach.

A full description of the Adviser's investment strategy and processes are included in the Offering Documents.

- B. Listed below are some of the risks associated with an investment in the Funds. The following list is not exhaustive, but rather highlights some of the more significant risks involved in the Funds' investment strategies. For a complete explanation of the Funds' relevant investment strategies and their associated risks, investors should review the Governing Documents, which may contain additional explanations of strategies, risks and other related details not discussed below.

***Investments in Private Companies.*** A Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

***Future and Past Performance; Loss of Principal.*** When interests in a Fund are initially offered to prospective investors, such Fund consists of newly organized entities that have no prior operating history or track record. Accordingly, such Fund does not have performance history for a prospective investor to consider. In considering the prior performance information of the other investment funds or vehicles managed or advised by Grant Avenue, including the Pre-Fund Vehicles (collectively, the "**Grant Avenue Funds**"), prospective investors should understand that an investment in a Fund does not represent an interest in any investment or investment portfolio of any other Grant Avenue Fund. Information about the prior performance of the Grant Avenue Funds is not necessarily indicative, or a guarantee, of a Fund's future results, and there can be no assurance that a Fund will achieve comparable results. An investor should not rely on any expectation and there can be no assurance that the risk/return profile of an investment in a Fund will resemble that of the prior Grant Avenue Funds. An investor should only invest in a Fund as part of an overall investment strategy, and only if the investor is able to withstand a total loss of its investment in the Fund. The performance of the Grant Avenue Principals' prior investments is not necessarily indicative of a Fund's future results. While Grant Avenue intends for the respective Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. With respect to any of a Fund's investments, loss of principal will be possible.

***Investment in Junior Securities.*** The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

**Concentration of Investments; Lack of Diversification.** Each Fund will participate in a limited number of investments and reserves the right to make several of its investments in one industry or one industry segment or within a short period of time. As a result, each Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Each Fund will typically focus on investments in healthcare companies. Instability, fluctuation or an overall decline within the healthcare industries will likely not be balanced by investments in other industries not so affected. In the event that the healthcare sector as a whole declines, returns to the limited partners of the Funds are expected to decrease. Furthermore, to the extent that the capital raised for a Fund is less than the Fund's targeted amount, such Fund may invest in fewer portfolio companies and thus be less diversified.

Each Fund is permitted to provide bridge financing to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the applicable Fund's Partnership Agreement in which case the investment would be treated as a permanent investment of such Fund. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the investment limitations set forth in the Funds' Partnership Agreements.

**Unspecified Investments.** A Fund's limited partners will be relying on the ability of such Fund's General Partner to locate and evaluate the investments to be made by such Fund using the proceeds of such Fund's offering of limited partner interests in such Fund. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that the General Partner will be able to identify, or a Fund will be able to complete, portfolio investments that satisfy the Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values or that the Fund will be able fully to invest its committed capital.

**Competition; Lack of Sufficient Investment Opportunities.** The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. Each Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates, and other private equity funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the General Partners, the Funds and their respective affiliates.

To the extent that a Fund encounters significant competition for investments, returns to Fund's limited partners may decrease. In addition, it is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the Commitments of a Fund's limited partners are invested (or drawn down to be invested), such Fund's limited partners will be required to bear Management Fees through such

Fund during its investment period based on the entire amount of the limited partners' Commitments and other expenses as set forth in such Fund's Partnership Agreement.

**Dynamic Investment Strategy.** While each General Partner generally intends to seek attractive returns for a Fund primarily through making private equity investments as described herein, the relevant General Partner reserves the right to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate and consistent with the Partnership Agreements. A General Partner reserves the right to pursue investments outside of the industries and sectors in which the Principals previously made investments or have internal operational experience.

**Changes in Investment Focus.** Each Fund is not restricted in terms of the percentage of its capital that can be invested in a particular industry. While this Brochure contains a description of the types of investments that the existing Funds have historically made and information about the General Partner's expectations with respect to the Funds, many factors may contribute to changes in emphasis in the construction of the portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any Fund will resemble the portfolio of any prior Fund.

**Growth Equity Transactions.** A Fund reserves the right to target growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments have the potential to involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

**General Risks of Investments in Healthcare Companies.** While investments in healthcare companies offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial or total loss. Healthcare companies may face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Companies in which a Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn.

**Healthcare Reform.** Healthcare reform continues to be a significant factor in the profitability of companies in which a Fund may invest. The efforts to reform the healthcare delivery system in the United States and Europe has resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the companies in which a Fund invests.

***Healthcare Regulation and Reimbursement.*** Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While each Fund intends to make investments in companies that seek to comply with relevant laws and regulations, the laws and regulations relating to the healthcare industry are complex, may be ambiguous, and certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the companies in which the Funds invest. Recent legislative changes, including the passage of the U.S. Patient Protection and Affordable Care Act, have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the U.S. federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry and companies in which the Funds may invest.

***Healthcare Research and Innovation.*** The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which a Fund invests.

***Governmental and Third Party Payors.*** In both the U.S. and foreign markets, sales of a healthcare company's products and its success will depend in part on the availability of reimbursement from third party payors such as government health administration authorities, private health insurers, and other organizations. The levels of revenues and profitability of healthcare companies may be affected by the continuing efforts of governmental and third-party payors to contain or reduce the costs of healthcare. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. There can be no assurance that a company's proposed products will be considered cost effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development.

***Illiquidity; Lack of Current Distributions.*** An investment in a Fund 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 on successful investments are realized. A Fund's ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by a Fund. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which a Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market. Public offering, merger and acquisition and recapitalization and reorganization opportunities may be limited or non-existent for extended periods of time,



whether due to economic, regulatory or other factors. In view of these limitations on liquidity, a Fund generally will not be able to return capital or realize gains, if any, on an investment in a privately-held entity until the partial or complete disposition of such entity. While an investment may be disposed of at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the Adviser or its designated affiliate) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

***Leveraged Investments; Borrowing.*** Each A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (which may be impacted by regulatory restrictions and guidelines), the state of which is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage.

Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the Governing Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding.

Each Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by or otherwise affiliated with the Adviser or any of its affiliates and, in connection with incurring such indebtedness, the General Partner reserves the right, in its sole discretion, to cause the Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In certain circumstances, lenders and other market parties are expected to seek “cross default” rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or a Grant Avenue entity relating to their respective lending or other facilities; were any such provision to be triggered, a Fund’s limited partners could suffer adverse effects resulting from any default by any Fund or Grant Avenue entity, whether or not related to the Fund in which such limited partners have invested. In addition, to the extent a Fund incurs leverage (or provides any guaranty), such amounts are permitted to be secured by the Commitments of the Fund’s limited partners and other Fund assets. The inability of a Fund to repay any leverage secured by the Commitments of the Fund’s limited partners could enable a lender to issue a capital call on behalf of the Fund’s General Partner.

***Use of Credit Facility.*** A Fund will be permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate Commitments of the Fund available to be called. A Fund’s use of such facilities will be determined by the Fund’s General Partner, and the performance of the Fund may be impacted by how the General Partner causes the Fund to utilize such facilities. Although the use of such a facility may increase a Fund’s ability to swiftly invest capital, it also will cause the Fund to incur interest expense and other costs and subject the Fund’s limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner’s right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund’s obligations to a subscription line’s creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by the limited partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line’s interest rate is based in part on the creditworthiness of the relevant Fund’s limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner’s cost of capital is lower than the relevant Fund’s cost of borrowing, Fund-level borrowing can negatively impact a limited partner’s overall individual financial returns even if it increases the Fund’s reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund’s return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner.

and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances, the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing funds sponsored by the General Partner or its affiliates) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses (including origination fees), co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. To the extent provided in a Fund's Partnership Agreement, any such borrowing is permitted to remain outstanding for such time as the relevant General Partner deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of the Fund. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A General Partner is authorized to use Fund-level borrowing to pay

Management Fees and to reimburse the Adviser for expenses incurred on behalf of the relevant Fund. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

***Investment- and Intermediate Entity-Level Borrowing.*** Under the Governing Documents, each Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as “back leverage” and net asset value (NAV) facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of the Fund, including without limitation to: finance any investment-related activities of the Fund; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case in accordance with the Governing Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio company (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Governing Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

***Risks in Effecting Operating Improvements.*** In some cases, the success of a Fund’s investment strategy will depend, in part, on the ability of the Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key personnel and disrupt normal business. There can be no assurance that a Fund will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to such portfolio company.

***No Market for Interests; Restrictions on Transfer; No Right of Withdrawal.*** Limited partner interests in a Fund generally are not permitted to be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the General Partner, which may be withheld pursuant to the relevant Partnership Agreement, and the relevant General Partner reserves the right to restrict the volume of transfers permitted in any calendar year in order to comply with certain safe harbors under the tax regulations promulgated under the U.S. Internal Revenue Code of 1986, as amended. Voluntary withdrawals from a Fund will not be permitted except in very limited circumstances generally involving situations where retaining an interest in the Fund would violate certain laws or regulations. In addition, interests in a Fund are not

redeemable. There will be no public market for interests in any Fund, and none is expected to develop. Interests in each Fund have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not contemplated that registration of the interests in any Fund will ever be effected. Limited partners of a Fund may not be able to liquidate their investments prior to the end of the Fund’s term and must be prepared to bear the risks of an investment in the Fund for an extended period of time.

***Distributions in Kind.*** Although, under normal circumstances, prior to the termination of a Fund, the Fund intends to make distributions in cash or marketable securities, it is possible that under certain circumstances (including the winding-up of the Fund) distributions of investments for which there is no readily available public market and/or which may be subject to substantial restrictions on sale or transfer may be made in-kind. It may be difficult for limited partners of a Fund to liquidate the investments received at a price or within a time period that is determined thereby to be ideal, and significant administrative burden may be involved. After a distribution of investments is made, the recipients may decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. Limited partners of a Fund in receipt of a distributed investment will have no guidance from the Fund or the relevant General Partner with respect to disposition of such investment (including timing of such disposition). The price at which such investments may be sold by such limited partners may be lower than the value of such investments determined pursuant to the relevant Partnership Agreement, including the value used to determine the amount of carried interest accruing to the relevant General Partner with respect to such investment. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

***Reliance on the General Partner and Portfolio Company Management.*** Control over the operation of a Fund, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Fund, will be vested with the relevant General Partner. Consequently, a Fund’s future profitability and investment performance will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on a Fund’s ability to realize its investment objectives. In addition, the success of each Fund will depend, in large part, upon the skill and expertise of Grant Avenue’s investment professionals. Over the life of the Funds, Grant Avenue expects to hire additional investment professionals and expects that certain of its existing investment professionals will leave Grant Avenue. There is competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants with respect to hiring and retaining qualified investment professionals. If Grant Avenue is unable to hire qualified investment professionals, or if any of Grant Avenue’s existing investment professionals join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of a Fund, the Fund’s performance could be adversely affected.

Moreover, the Principals currently, and expect in the future to, manage or advise other investments and/or investment funds besides the Funds and the Principals expect that they will need to devote substantial amounts of their time to the investment activities of such other

investments and/or funds, which will pose potential conflicts of interest in the allocation of the time of the Principals. Limited partners generally have no right or power to take part in the management of any Fund, and as a result, the investment performance of each Fund will depend on the actions of the relevant General Partners. In addition, certain changes in a General Partner or circumstances relating to the General Partner may have an adverse effect on a Fund or one or more of its portfolio companies, including potential acceleration of debt facilities.

The success of many of a Fund's portfolio companies is heavily dependent on the management of such companies. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Additionally, the relevant General Partner will generally establish the capital structure of companies in which a Fund invests on the basis of financial projections for such companies, which will contain significant judgment and input from the portfolio company management team. Although the General Partner will be responsible for monitoring the performance of each portfolio investment and each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management team, or any successor, will be able or willing to successfully operate a company in accordance with the Fund's objectives. Portfolio companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio company is held by a Fund. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, each Fund may be adversely affected thereby.

***Absence of Operating History.*** While the Principals have previous experience making and managing investments similar to those contemplated by the Funds, the Principals have limited experience managing and investing a committed pool of funds. Certain Funds have no operating history and each Fund will be entirely dependent on the relevant General Partner. Furthermore, there can be no assurance that a Fund's investments will achieve results similar to those attained by previous investments of the Principals. In addition, a Fund's investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

***Public Health Emergencies; COVID-19.*** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may

include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

**Projections.** Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the relevant General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

**Conflicting Investor Interests.** Limited partners are expected to have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a consequence, potential conflicts of interest are expected to arise in connection with decisions made by the relevant General Partner regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the relevant General Partner generally will consider the investment, tax and other relevant objectives of a Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

**Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.** There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. In this regard, the SEC has proposed and enacted significant rules that will impact the business of Grant Avenue and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact Grant Avenue and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which

potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

***UK Exit from the European Union (the "EU").*** On January 31, 2020, the UK formally withdrew from the European Union ("Brexit"). After this, the UK entered into a transition period during which the majority of the existing EU rules continued to apply in the UK. Following the end of the transition period on December 31, 2020, EU rules ceased to apply in the UK.

Although the terms of the UK's future relationship with the EU were agreed in a trade and cooperation agreement signed on December 30, 2020, this did not include an agreement on financial services. In the absence of a formal agreement on this issue, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to substantially many of the same rules and regulations as prior to Brexit. However, the UK Government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on the Funds and their investments, including the ability of the Funds to achieve their investment objectives in whole or in part (for example, owing to increased costs and complexity and/or restrictions in relation to cross-border access).

The legal, political and economic uncertainty and disruption generally resulting from Brexit may adversely affect both EU- and UK-based businesses. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.



***Need for Follow-On Investments.*** Following its initial investment in a given portfolio company, each Fund is permitted to decide whether to provide additional funds to such portfolio company or consider the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that any Fund will make follow-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Fund to increase its participation in a successful operation or the dilution of the relevant Fund's ownership in a portfolio company if a third party or co-investor is permitted to invest.

***Non-U.S. Investments.*** Each Fund reserves the right to invest a portion of the Fund's aggregate Commitments in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in non-U.S. securities or instruments involve certain factors not typically associated with investing in U.S. securities and instruments, 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 the Fund's non-U.S. investments may be denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (viii) potential unsettled points of applicable governing law and the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for the Fund and/or the partners; (x) differing and potentially less well-developed, well-tested and/or more restrictive laws, regulations and regulatory institutions and judicial system; (xi) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

Each Fund and/or the partners may be subject to income taxes or other taxes in jurisdictions outside of the U.S. In addition, withholding taxes or other taxes may be imposed on earnings of any Fund from investments in such jurisdictions. Local taxes incurred in foreign jurisdictions by any Fund or entities through which it invests may not be creditable to or deductible by the Fund. Prospective investors should consult their own tax advisors regarding the foreign tax consequences of purchasing and holding interests in any Fund.

**Hedging Arrangements; Related Regulations.** Each General Partner reserves the right (but is not obligated) to endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds are permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("**OTC**") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for Grant Avenue and/or one of its affiliates an obligation to register with the CFTC or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

**Minority Investors.** A third-party is entitled to a minority interest in Grant Avenue's management fees and a minority interest in certain General Partners' carried interest upon making a minimum Commitment to certain Funds at their initial closings. The existence of a minority investor raises certain potential conflicts of interest. Specifically, the minority investor is an investor in certain Funds, and is expected to be an investor in certain other Funds, with minority economic interests in Grant Avenue and expected minority economic interests in certain General Partners (upon making a minimum Commitment to certain Funds at their initial closings) and, in such capacity, is expected to be entitled to receive a portion of the carried interest and/or a portion of the net income to which Grant Avenue would otherwise be entitled. Grant Avenue does not expect that the minority investor would be involved in the management of the Funds, the General Partners or the Adviser. The existence of these minority economic interests could diminish the alignment of a minority investor's interests with the other Fund investors. Additionally, the minority investor is expected to have relationships with other investment vehicles and accounts that could give rise to potential conflicts of interest. For example, the minority investor and/or its affiliates are expected to sponsor, advise, underwrite, manage or invest in other investment vehicles and accounts that pursue investment strategies similar to those of the Funds. Such activities could adversely affect the Funds; for example, the minority investor and/or its affiliates have the potential to compete with the Funds for investment opportunities, and Grant Avenue expects that the minority investor would be under no obligation to share any investment opportunity, idea or strategy with the Funds, the General Partners or the Adviser.

**Non-Controlling Investments.** The Funds reserve the right to hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights in connection with such minority stakes. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio

companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons and/or entities who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Fund or its limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

**Director Liability.** The Adviser expects that the Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which such Fund invests (each, a **"Board Representative"**). In those instances where a Fund is not the sole shareholder of the applicable portfolio company, a Board Representative may have duties to persons and/or entities other than the Fund. Serving on the board of directors (or similar governing body) of a portfolio company will expose a Board Representative, and ultimately the relevant Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

**Standard of Care; Limitation of Recourse and Indemnification.** The Partnership Agreements will limit the circumstances under which the relevant General Partner and its affiliates will be held liable to the relevant Fund and the limited partners. Pursuant to the relevant Partnership Agreement, the relevant General Partner, the Principals, the Adviser and certain of their employees and affiliates will be indemnified and held harmless, to the maximum extent not prohibited by applicable law, from losses sustained from any act or omission in connection with the relevant Fund's activities, subject to certain exceptions set forth in such Partnership Agreement, and may receive advances for any fees, costs and expenses incurred in the defense or settlement of any claim that may be subject to a right of indemnification. The application of the foregoing standards may result in limited partners having a more limited right of action in certain cases than they would in the absence of such standards; provided that such standards will not be construed to waive any duties that are not waivable under the Advisers Act. As a result, a Fund may bear significant financial losses even where such losses were caused by the negligence of the relevant General Partner and certain of its affiliates. Such financial losses may have an adverse

effect on the returns to the limited partners. The fees, costs and expenses (whether or not advanced) and other liabilities resulting from a Fund's indemnification obligations will, to the maximum extent not prohibited by applicable law, generally be paid by or otherwise satisfied out of the assets of the Fund, including the unpaid capital obligations of the limited partners. In addition, if the assets of a Fund are insufficient to satisfy the Fund's indemnification obligations, the relevant General Partner reserves the right to recall distributions previously made to the limited partners, subject to certain limitations set forth in the relevant Partnership Agreement.

**Advisory Committee.** Grant Avenue will appoint one or more limited partner representatives to the advisory committee of certain Funds, which has the ability to review and waive compliance with certain provisions of the relevant Partnership Agreement, including resolving potential conflicts of interest situations, and whose approval is required or may be requested in certain circumstances under such Partnership Agreement, including certain approvals or consents required by the Advisers Act (e.g., approvals in connection with principal transactions and any "assignment" of an investment advisory agreement of which such Fund is a party). Pursuant to the terms of the applicable Partnership Agreement, all limited partners of the relevant Fund are bound by the determinations of the advisory committee of such Fund, regardless of whether a limited partner is represented by a member of such advisory committee. The relevant Partnership Agreement may provide that to the fullest extent permitted by applicable law, none of the applicable advisory committee members in respect of the activities of such advisory committee shall owe any fiduciary duties to the relevant Fund or any other partner. Representatives of an advisory committee are permitted to have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory committee for consideration or review. In addition, representatives of an advisory committee are permitted to have various business and other relationships with the Adviser and its members, partners, managers, directors, officers, employees and affiliates. These relationships may influence their decisions as members of a Fund's advisory committee. To the extent that a limited partner is not represented by a member of a Fund's advisory committee, such limited partner will have no influence over matters submitted to such advisory committee for review or approval.

**Privacy and Data Protection Law Compliance Risk.** The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "**Privacy Laws**") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Adviser, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties or litigation, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Adviser, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to

jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Adviser, the General Partners, the Funds and/or their portfolio companies.

***U.S. Tax Rules Adversely Affecting Grant Avenue Personnel.*** U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships, such as the Funds, as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such existing rules, as well as any such legislation that may be enacted in the future, could reduce the after-tax returns of individuals associated with a Fund, the Adviser or a General Partner who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This could also create an incentive for the Principals to cause a Fund to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

***Uncertain Economic, Social and Political Environment.*** Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

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

include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

***Environmental, Social and Governance (“ESG”) Matters.*** Grant Avenue maintains an ESG policy and seeks to integrate certain ESG factors into its investment process subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that Grant Avenue will be able to successfully implement its ESG policy or to make investments in companies that create a positive ESG impact while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Grant Avenue, or any judgment exercised by Grant Avenue, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what ESG characteristics mean by region, industry and topic, as well as the interpretations of their scope and materiality. Grant Avenue’s interpretations and decisions are expected to differ from others’ views and could also evolve over time. In addition, in evaluating an investment, Grant Avenue expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Grant Avenue to incorrectly assess a company’s ESG practices and/or related risks and opportunities. Grant Avenue does not intend independently to verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on Grant Avenue’s view of certain ESG-related and other factors and could cause the Fund not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of such ESG considerations, which could negatively impact the Fund’s performance. For the avoidance of doubt, however, Grant Avenue does not expect to subordinate the Fund’s investment returns or increase the Fund’s investment risks as a result of (or in connection with) the consideration of any ESG factors.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and Grant Avenue’s adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. Grant Avenue’s ESG policies could become subject to additional regulation in the future, and Grant Avenue cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect the Fund or its investments, including with respect to future administrative burdens and costs.

For the avoidance of doubt, however, Grant Avenue does not expect to subordinate the Fund’s investment returns or increase the Fund’s investment risks as a result of (or in connection with) the consideration of any ESG factors.

***International Conflicts.*** Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact

of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

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

***Inflation Risk.*** Inflation could potentially affect a Fund's performance in a number of ways. High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on a Fund's investments and its aggregated returns.

During periods of rising inflation, interest rates of any floating-rate instruments held by a Fund or issued by its subsidiaries could increase, which would tend to reduce returns for the limited partners. The market value of a Fund's investments could potentially decline in value in times of higher inflation rates. Some of a Fund's investments could have income linked to inflation, whether by regulation, contractual arrangement or other means. However, as inflation could affect both income and expenses, any increase in income could potentially be insufficient to cover increases in expenses.

Moreover, as inflation increases, the real value of the interests in a Fund and distributions therefrom can decline. If a Fund is unable to increase the revenue and profits of its investments at times of higher inflation, it could be unable to pay out higher distributions to the partners to compensate for the relative decrease in the value of money, thereby affecting the expected return of investors. A Fund could also be adversely affected if the market value of its investments declines during times of higher inflation.

***Material Non-Public Information.*** As a result of the operations of the Adviser and its affiliates, as well as in connection with officerships and directorships of Grant Avenue's personnel, the Adviser may come into possession of confidential or material, non-public information. Therefore, the Adviser and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Adviser's internal policies and practices. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

***Sanctions Compliance Considerations.*** Economic sanction laws in the United States and other jurisdictions may prohibit or otherwise restrict the General Partner, the Fund, its portfolio companies and their respective officers, directors and employees from engaging in transactions in or relating to certain countries and relating to certain individuals and entities. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") and U.S. Department of State administer and enforce laws, executive orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These persons and entities include specially designated nationals and other persons and entities targeted by OFAC sanctions programs. The lists of OFAC-restricted countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions and similar laws and regulations in non-U.S. jurisdictions may significantly restrict a Fund's direct or indirect investment activities in certain countries. The economic sanctions and related laws of different jurisdictions in which a Fund makes investments also may conflict with one another, such that compliance with all applicable laws may be difficult. Failure by a General Partner, a Fund or any of a Fund's portfolio companies to comply with OFAC or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Adviser or the Funds from entering into transactions with certain individuals or jurisdictions. OFAC and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of the Adviser's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by the Adviser or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.



***Unfunded Pension Liabilities of Portfolio Companies.*** In at least one circuit, a court found that in certain circumstances, an investment fund could be treated as a “trade or business” for purposes of determining pension liability under the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Therefore, where an investment fund owns 80% or more (or under certain circumstances, less than 80%) of a portfolio company, such investment fund (and any other 80%-owned portfolio companies of such investment fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. A Fund is permitted to invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under ERISA, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

***Valuation of Investments.*** Generally, the relevant General Partner will determine the value of all the related Fund’s investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund’s investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund’s investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund’s investment portfolios and risks, and may also affect the diversification and management of such Fund’s portfolio of investments.

***Contingent Liabilities Upon Disposition.*** In connection with the disposition of an investment, a Fund and/or the relevant General Partner may be required to make (and/or be responsible for another person’s or entity’s breach of) representations and warranties (e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses), and may be responsible for the content of disclosure documents under applicable securities laws. A Fund and/or the relevant General Partner may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by a Fund and, ultimately, its investors. In such a situation, the limited partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the applicable Partnership Agreement. Furthermore, each limited partner that receives a

distribution in violation of the Delaware Revised Uniform Limited Partnership Act, as amended (the “**Partnership Act**”), will, under certain circumstances, be obligated under the Partnership Act to recontribute such distribution to the applicable Fund.

**Cybersecurity Risks and Identity Theft.** Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. The Funds and their portfolio companies’ information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquake. Although the General Partners intend to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partners, the Funds and/or the Funds’ portfolio companies may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partners’, the Funds’ and/or the portfolio companies’ operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partners’, the Funds’ and/or the portfolio companies’ reputation, subject any such entity and its respective affiliates to legal claims and/or regulatory actions or otherwise affect their business and financial performance. To the extent that a portfolio company, a Fund, a General Partner, the Adviser or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partners, the Adviser, the Funds and/or the Funds’ portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser’s, the General Partners’, the Funds’, portfolio companies’ and/or service providers’ operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the General Partners or one of their affiliates or service providers holding its financial or investor data, the General Partners, their affiliates or the Funds may also be at risk of loss.

***Secondaries and other General Partner-Led Transactions.*** There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and the Adviser reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by the Adviser following the transaction. Such transactions are permitted to be undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where the Adviser believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by the Adviser and its affiliates), often on different terms than their original investment in the Fund. However, certain of such transactions are expected to involve: a limited partner investing (or being required to invest) additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of the Fund's investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of the Adviser or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where the Adviser or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, the Adviser, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent the Adviser requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by the Adviser in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified ratios to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances the Adviser reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other

considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that the Adviser will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, the Adviser reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. The Adviser is permitted to seek the consent of the relevant Fund advisory committee(s) to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

**Limited Access to Information.** Limited partners' rights to information regarding a Fund, the relevant General Partner or the Adviser generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of the Adviser's control. Decisions by the Adviser or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor the Adviser and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory committee generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and the Adviser reserves the right to withhold certain information from investors subject to such laws for reasons relating to the Adviser's public reputation, business strategy or other reasons.

**Financial Institution Risk; Distress Events.** An investment in a Fund is subject to the risk that one or more of the Fund's or its portfolio company's banks, brokers, hedging, counterparties, lenders to other custodians of some or all of the Fund's or such portfolio company's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "**Distress Event**"). Distress Events can be caused by various factors including eroding market sentiment, significant withdrawals (e.g., a bank run in which depositors collectively withdraw their balances within a short period of time), fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Adviser, any General Partner, the Funds and/or any of the Funds' portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, or the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance (including Fund assets maintained with qualified custodians pursuant to

Rule 206(4)-2 of the Advisers Act) are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Adviser and/or the General Partners to manage the Funds and their investments, and on the ability of the Adviser, any General Partner, any Fund and/or any Fund's portfolio company to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include (i) a Fund paying fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise); (ii) the Fund being unable to acquire or dispose of investments at prices that the General Partner believes reflect the fair value of such investments or (iii) the Fund's portfolio companies being unable to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that the Adviser will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital, or otherwise). Although Grant Avenue expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that the Adviser, the relevant General Partner, the relevant Fund and/or the relevant Fund portfolio companies maintain all or a set amount or percentage of their respective accounts or assets with one or more certain custodians, which heightens the risks associated with a Distress Event with respect to such custodians. Although Grant Avenue seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, and/or the Funds' portfolio companies, Grant Avenue is under no obligation to use a minimum number of Financial Institutions with respect to any Fund or any Fund's portfolio companies or to maintain account balances at or below the relevant insured amounts. Furthermore, such balances maintained by the Adviser, the General Partners and the Funds are generally expected to fluctuate, including with respect to the Funds in connection with capital calls to limited partners and dispositions of investments, and certain balances from time to time will substantially exceed applicable deposit insurance.

***Social Media and Publicity Risk.*** The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding Grant Avenue, the Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds.

## **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund likely will conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by the Principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents and the Adviser's Allocation of Investment Opportunities Policy. Without limitation, the Principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. The Adviser's personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. The Principals and investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Principals expect to control or manage generally have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, the Principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in the Adviser's sole discretion, the Adviser and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, the Adviser's personnel are permitted to serve on boards or act in other roles unaffiliated with the Adviser, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

The Adviser expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of the Adviser. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, the Adviser is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of the Adviser in a portfolio company also have the potential to raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser.

The Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Adviser generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, as well as factors including, but not limited to, (i) differences with respect to available capital (e.g. current or anticipated capital available for investment, including anticipated follow-on investments, if applicable), (ii) size or remaining life of each Fund, (iii) the nature of the investment opportunity (including the size and anticipated follow-on investment requirement(s)), (iv) potential conflicts of interest (including whether a Fund has an existing investment in the opportunity in question), (v) the relevant allocation of investment opportunity provisions and restrictions in each Fund's Governing Documents, (vi) tax, legal, or regulatory considerations, and (vii) current and anticipated market conditions. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliate of the Adviser in the manner set forth in the Governing Documents and the Adviser's Allocation of Investment Opportunities Policy. The Adviser will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with the Adviser's obligations and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could become a suitable investment for one or more other Funds due to size, revenue, earnings, change in business focus or other characteristics.

Following such determination of allocation among Funds, the Adviser reserves the right to offer co-investment opportunities to one or more potential co-investors, including operations group members, vendors, service providers and/or other third parties, as determined by the Governing Documents, Side Letters and the Adviser's Allocation of Investment Opportunities Policy. The Adviser's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to, (i) expressed interest in co-investment opportunities, (ii) size of existing commitment, (iii) expertise of the prospective co-investor in the industry to which the investment opportunity relates, (iv) perceived ability to quickly execute on transactions, (v) tax, regulatory, securities laws and/or other legal considerations, (vi) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity, (vii) perceived ease of process in coordinating or completing the investment with the prospective co-investor, (viii) the Adviser's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Adviser's ability to execute the relevant transaction in the desired time or on desired terms, (ix) size of the investment allocation and practicality of dividing it up among multiple co-investors, (x) perceived public relations and reputational benefits or costs, and (xi) whether the Adviser believes that allocations of investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Funds or the Adviser.

Furthermore, the Adviser or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while

others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and the Adviser expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the “most-favored nation” provisions of a Fund’s Governing Documents and (iii) co-investors’ proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund’s Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner’s interest in limiting the Fund’s exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that personnel and related persons of the Adviser and its affiliates make capital investments in or alongside certain Funds, the Adviser and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund’s return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The Adviser’s allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While the Adviser will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund’s actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Adviser expects to be subject, discussed herein, did not exist.

In certain cases, the Adviser will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless



required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by the Adviser in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Adviser expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the relevant General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Adviser expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds are expected to be prohibited from exercising (or the Adviser may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. The Adviser intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. The Adviser and its affiliates reserve the right to express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views regarding the same investment. There can be no assurance that the return on one Fund's

investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, the Adviser will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, the Adviser expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in the relevant General Partner's sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to applicable law and legal, contractual or similar restrictions, expense allocation decisions generally will be made by the Adviser or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or the Adviser. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, the Adviser and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Portfolio company board members frequently approve compensation and/or other amounts payable to the Adviser and/or its affiliates. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to the Adviser. The Adviser's authority to appoint or influence the appointment of portfolio company board members who are likely to be involved in approving compensation payable to the Adviser subjects the Adviser and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse the Adviser or service providers retained at the Adviser's discretion for expenses (including, without limitation, travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Adviser personnel. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee

paid or expense reimbursed to the Adviser or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, the Adviser, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Adviser's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Adviser and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Adviser Information**"). In many cases, Adviser Information will include tools, procedures and resources developed by the Adviser to organize or systematize Adviser Information for ongoing or future use. Although the Adviser expects its Funds and their portfolio companies generally to benefit from the Adviser's possession of Adviser Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by the Adviser and its personnel) and not by the Fund or portfolio company from which Adviser Information was originally received or derived. Adviser Information will be the sole intellectual property of the Adviser and solely for the use of the Adviser. The Adviser reserves the right to use, share, license, sell or monetize Adviser Information, without offsetting or otherwise reducing Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset or reduce Management Fees.

The Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and such service providers are expected to include: (i) the Adviser or a related person of the Adviser (which is permitted to include a portfolio company of such Fund); (ii) an entity with which the Adviser or its affiliates or current or former personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Adviser personnel are seconded, or from which the Adviser receives secondees; or (iii) certain limited partners or their affiliates. For example, the Adviser expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects the Adviser to conflicts of interest, because, although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that the Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the

potential to provide longer-term benefits to the relevant Funds or the Adviser), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. The Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although the Adviser generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, the Adviser expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships, as well as the timing of services, these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing, limited partners should not expect service providers to the Adviser or any General Partner or Fund to provide services that will be the most beneficial to any limited partner.

In certain circumstances where the Adviser commits or has committed to seek “market” or “arms-length” rates or terms, the Adviser will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. The Adviser reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, the Adviser undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, the Adviser reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

As with other private equity fund sponsors, as part of Grant Avenue’s business, the Principals, Grant Avenue and its employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Grant Avenue. Certain of these third parties may: (i) introduce investment opportunities to Grant Avenue; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Grant Avenue, the Funds, or portfolio companies of the Funds. Such third parties may also provide goods or services to or have business, personal, political, financial or other relationships with the Principals. In addition, such third parties may invest in one or more Funds, co-invest in one or more portfolio companies of the Funds, or provide other significant business or investment services to Grant Avenue, the Funds and/or their portfolio companies. These relationships may influence Grant Avenue in deciding whether to select or recommend any such third-party to perform services for a Fund or a portfolio company. The cost of any services provided by such third

parties will generally be borne directly or indirectly by a Fund or its portfolio companies, as applicable.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to, and reimburse expenses of, the operations group and other consultants (including consultants introduced or arranged by the Adviser and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset or reduce the Management Fee as described herein. Operations group members generally make use of Adviser resources or otherwise are associated with the Adviser. The Adviser and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Operations group members are expected to include former personnel of the Adviser or certain portfolio companies, and in some circumstances former operations group members are expected to become Adviser personnel or personnel of portfolio companies. Consequently, the determination of whether individuals are operations group members is expected to vary and/or be revisited, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that the Adviser otherwise would be required to bear. Operations group members generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee of any Fund, as described herein, and the use of operations group members is expected to fluctuate and/or expand over time. To the extent that operations group members are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the operations group members' services at a time when fewer portfolio companies or Funds make use of such operations group member. Under many of these arrangements, including where operations group members are paid a flat fee, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by the operations group member. In certain cases, including where a Fund does not own a controlling interest in a portfolio company, the portfolio company, its management and/or equity holders potentially will not agree to engage and/or bear the costs of operations group members. In such cases, where the relevant General Partner believes the services of the operations group members will benefit a portfolio company, it is authorized to cause a Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive the benefit of any returns that result from operations group member services. Although the use of operations group members and the allocation of compensation paid to them by the Adviser, its affiliates and/or the portfolio companies subjects the Adviser and/or its affiliates to potential conflicts of interest, the Adviser believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the operations group member is lower than market rates for the services provided and/or if the services of the operations group member align with the Adviser's model for the portfolio company and improve portfolio company performance. Although the Adviser seeks to retain operations group members with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. The Adviser also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such

persons' interests with those of the Funds' limited partners, and seeks to retain only operations group members and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Adviser reserves the right to cause a Fund to enter into a transaction whereby the Fund (i) purchases securities from, or sells securities to, other Funds managed by the Adviser, or co-investors or co-investment vehicles or (ii) co-invests alongside such other Funds or co-investors. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. In some cases, a portfolio company of one Fund will be merged with or into a portfolio company owned by another Fund. Any of these transactions raise potential conflicts of interest, including where: (i) the investment of one Fund supports the value of portfolio companies owned by another Fund; or (ii) the transaction allows the Adviser or its affiliates to realize carried interest or receive future Management Fees or other compensation with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Governing Documents or otherwise in the sole discretion of the Adviser, the Adviser reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker paid for by the relevant Fund(s) to opine as to the fairness or "arm's-length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of the Adviser) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory committee) to such transactions. The Adviser reserves the right to determine that the willingness of a third party to make an investment on the same or similar terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions and therefore determine not to obtain a consent or fairness opinion (except where required by applicable law). The Adviser intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although the Adviser generally structures Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any Adviser affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such cases, the Adviser intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an Adviser affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer

adverse effects resulting from any default by any Fund or an Adviser affiliate, whether or not related to the Fund in which such limited partners have invested.

The Adviser and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by the Adviser and/or its affiliates; conversely, current or former personnel or executives of the Adviser and/or its affiliates are expected to serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former personnel, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or its affiliates and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through the Adviser entities, whether or not relating to financing Adviser personnel obligations to fund General Partner commitment obligations) to Adviser personnel and their estate planning vehicles. The Adviser expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser or one or more other Funds. For example, the Adviser is permitted to cause a Fund to make payments to investment banks and/or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund, rather than the Fund making the payment. The Adviser expects to be subject to a potential conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

The Adviser its affiliates, and equity holders, officers, Principals and personnel of the Adviser and its affiliates reserve the right to buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, such officers, Principals and personnel reserve the right to buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including broken deal expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of the Adviser have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles

(including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than the Adviser deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Except to the extent prohibited by the Governing Documents, the Adviser and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or special purpose acquisition companies the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-"assignment" provisions of the Advisers Act, the Adviser and its personnel are also permitted to offer, restructure and monetize interests in the Adviser.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when the Adviser may not otherwise have done so.

Since the Adviser is permitted to retain certain Supplemental Fees (as described under Item 5 (Fees and Compensation)) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Supplemental Fees are based on enterprise value or other metrics relating to a portfolio company, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company. Additionally, the Adviser, its personnel, affiliates or others designated by the Adviser expect to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, the Adviser and/or such other recipients will be permitted to retain such securities as Supplemental Fees, and in doing so will be subject to potential conflicts



of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the Adviser) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, the Adviser reserves the right to accrue, defer or forego payments of Supplemental Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

The Adviser and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of the Adviser's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic, procedural and other terms, many of which will not be subject to the "most-favored nation" provisions of a Fund's Governing Documents.

The Adviser is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners, e.g., based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to the Adviser, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser, its affiliates and personnel, or the Funds. Further, Side Letters also are expected to relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. Except in the circumstances and on the timing required by Governing Documents and/or applicable law, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the Adviser, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject the Adviser to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although the Adviser believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

The Adviser has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as the Adviser has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. The Adviser, its affiliates and personnel and persons selected by them expect to receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than the Adviser and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, the Adviser believes that the potential for conflicts of interest relating to such discounts is mitigated. Discounted prices or better terms offered by a portfolio company to the Adviser, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, the Adviser will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by the Adviser are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in the Adviser's insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

- C. Grant Avenue generally does not recommend a specific type of security to the Funds.

**ITEM 9. DISCIPLINARY INFORMATION**

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

#### **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A. Neither Grant Avenue nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Grant Avenue nor any of its management persons are registered, or have an application pending to register, as a future commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Grant Avenue and its employees do not have any other relationships or arrangements with other financial services companies that pose material conflicts of interest.
- D. Grant Avenue does not recommend or select other investment advisors for the Funds to which it receives compensation directly or indirectly from those advisors.

The Adviser is affiliated with the General Partners and equivalent entities formed subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. These affiliated entities operate as a single advisory business together with the Adviser and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

- A. The Adviser has adopted a written Code of Ethics (the “Code”), which sets forth standards of conduct that are expected of the Adviser’s Principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Adviser personnel to report their personal securities transactions, prohibits or requires pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Adviser personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Adviser’s Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to the Adviser’s Chief Compliance Officer at (212) 294-8930. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

The Adviser and its affiliated persons may come into possession of material, non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Adviser and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser.

The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and political contributions.

- B. Consistent with the Funds’ investment objectives and subject to satisfaction of the policies and procedures set forth in the Code, the Adviser may recommend that the Funds acquire or sell securities in which a related person of the Adviser has a pre-existing interest. A potential conflict of interest could arise in that the interested related person of the Adviser could benefit from such a purchase or sale of the applicable security by the Fund. However, the Adviser has policies and procedures designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions. Potential conflicts of interest in certain instances may require pre-approval from the relevant Fund’s advisory committee.
- C. Subject to satisfaction of the Adviser’s policies and procedures, Grant Avenue or a related person of the Adviser may invest in the same investments as the Funds. A potential conflict of interest could arise to the limitations provided in the Governing Documents in the event of illiquidity. However, the Adviser has policies and procedures designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions.
- D. Neither Grant Avenue nor any of its related persons recommends securities to the Funds, buys or sells securities for any Fund account, at or about the same time that Grant Avenue or any of its related persons buys or sells the same securities for the Adviser’s own account or any of its related persons’ account.

## ITEM 12. BROKERAGE PRACTICES

Grant Avenue's advisory business generally involves privately-negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly-traded securities. With respect to such private transactions, Grant Avenue believes it fulfills its best execution responsibilities through careful evaluation and negotiation of the terms of each such transaction. Grant Avenue does not make regular use of brokers for the purposes of buying or selling securities on behalf of the Funds.

The Funds will not typically invest in public securities. However, there may be situations in which the Funds place a trade through a broker. If Grant Avenue is required to select a broker-dealer for a Fund transaction, Grant Avenue will seek "best execution" and will consider a number of factors during such selection, which may include, among others: execution capability, execution quality, commission rate, financial responsibility and financial services offered, willingness and ability to commit capital, confidentiality, trading expertise, facilities, reputation and integrity, reliability in keeping records, responsiveness, and with respect to a particular trade, the timing and size of the order, available liquidity and market conditions. Grant Avenue may not pay the lowest commission rate available.

During the last fiscal year, Grant Avenue did not acquire any products or services with client brokerage commissions (or markups or markdowns).

Grant Avenue does not currently have any formal soft dollar arrangements. If Grant Avenue determines to engage in soft dollar transactions in the future, Grant Avenue intends to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

To the extent that Grant Avenue trades in securities through brokers, Grant Avenue does not expect that it would direct client brokerage business to brokers that refer prospective investors to Grant Avenue.

### ITEM 13. REVIEW OF ACCOUNTS

- A. The Funds' investments are periodically monitored and reviewed by the Adviser's investment professionals. The investment committee, which is comprised of the Adviser's principals, including William Gumina, is responsible for, among other things, 1) the purchase of investment interests for the Funds, 2) the liquidation of investments made by the Funds, and 3) the valuation of the Funds' assets.
- B. Grant Avenue's investment committee reviews the Funds' portfolios on a regular basis; therefore, there are typically no additional "triggering" events that would require a specific review.
- C. Each Fund provides to its limited partners, within 120 days of the end of each Funds' fiscal year, as required by Rule 206(4)-2 under the Advisers Act, as amended (the "**Custody Rule**") audited financial statements prepared in accordance with U.S. generally accepted accounting principals ("**GAAP**"). In addition, the Adviser generally provides investment updates to investors on a quarterly basis and may provide certain limited partners with additional information or more frequent reports than other limited partners.



#### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

- A. The Adviser and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation in many cases will offset a portion of the Management Fees paid by such Fund. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees are in addition to Management Fees. See Item 5 (Fees and Compensation).

A potential conflict of interest could arise as a result of any fees or expenses received by the Adviser from portfolio companies. The Adviser has policies and procedures designed to identify and manage these potential conflicts of interest.

- B. The Adviser has entered into, and may further enter into, solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. While the specific terms of each arrangement may differ, generally, compensation paid to solicitation firms will be based on a percentage of capital commitments introduced by such solicitation firm. These arrangements generally are disclosed in the relevant Fund's Form D. Any fees payable to any such placement agents generally will be borne indirectly by the Adviser through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

## **ITEM 15. CUSTODY**

The Adviser generally expects that it will be deemed to have “custody” (within the meaning of the Custody Rule) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance. The General Partner’s can withdraw a Fund’s cash and/or securities held with a custodian upon the General Partner’s instruction. As such, the Adviser is subject to the Custody Rule under the Advisers Act.

However, Grant Avenue is generally not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Funds because it complies with the provisions of the so called “Pooled Vehicle Annual Exception,” which among other things, requires that the Funds be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board, and requires that the Funds distribute their respective audited financial statements to all investors within 120 days of the end of its fiscal year.

## **ITEM 16. INVESTMENT DISCRETION**

The Adviser has discretionary authority to manage assets and securities on behalf of each Fund. Unless otherwise specified in the relevant Governing Documents, the Adviser as a general policy does not allow clients or limited partners to place limitations on this authority. Pursuant to the terms of the Governing Documents, the Adviser and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other similar reasons. The Adviser assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund.

## ITEM 17. VOTING CLIENT SECURITIES

The Funds will generally invest in private companies which typically do not issue proxies. Under certain limited circumstances, however, the Adviser may be required to vote proxies solicited by a Fund's portfolio companies. In these situations, the Adviser will seek to vote proxies in the best interest of the relevant Fund(s), which generally means voting with the aim of maximizing the value of the subject portfolio company for the relevant Fund(s). To the extent that such Fund(s) trades in, or holds, public securities, the Adviser will generally have voting discretion over such securities. The Funds are not able to direct their votes in a particular situation. The Adviser has adopted proxy voting policies and procedures, which are summarized below.

The Adviser will seek to vote proxies in the best interests of the Funds. In addition, the Adviser may determine to abstain from voting a proxy if the Adviser believes that such action is in the best interests of the relevant Fund(s). The Adviser is permitted to take into account the following factors, among others, in determining if a specific proposal is in the best interests of a Fund: (i) management of the issuer's views and recommendations on such proposal; (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (e.g., instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (iii) whether the Adviser believes that the proposal will fairly compensate management for its and/or the issuer's performance. If the Adviser deems that the issue being voted upon is not material for the relevant Fund(s), or the Adviser determines that the cost of voting a proxy would exceed the expected benefit to the relevant Fund(s), the Adviser will not be obligated to vote on such matter.

Upon the request by a limited partner, the Adviser will disclose to such limited partner how the Adviser voted proxies for securities owned by the relevant Fund(s). The Adviser will also provide a copy of its proxy voting policies and procedures to limited partners upon request.

**ITEM 18. FINANCIAL INFORMATION**

- A. Grant Avenue does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under Item 18 of this Brochure.
- B. Grant Avenue does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the Funds.
- C. Grant Avenue has not been the subject of a bankruptcy petition.